

**AKKÖK HOLDİNG ANONİM ŞİRKETİ**

**CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2020 TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT**



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Akkk Holding Anonim Őirketi

### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Akkk Holding Anonim Őirketi (the "Company") and its subsidiaries (together the "Group") as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

### What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other matter

The consolidated financial statements of the Group for the year ended 31 December 2019 were audited by another firm of auditors whose report dated 30 March 2020 expressed an unmodified opinion on those consolidated financial statements.



## **Independence**

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

## **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.



Ediz Günsel, SMMM  
Partner

Istanbul, 28 May 2021

# **AKKÖK HOLDİNG ANONİM ŞİRKETİ**

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# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2020 AND 2019

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

		Audited	Audited
	Note		
	references	31 December 2020	31 December 2019
<b>ASSETS</b>			
Cash and cash equivalents	5	1,684,093	1,356,525
Financial investments	6	581,592	474,935
Derivative financial instruments	22	24,115	17,126
Trade receivables		1,740,749	1,356,525
- Trade receivables from related parties	8, 9	75,074	97,170
- Trade receivables from third parties	9	1,665,675	1,259,355
Other receivables		13,461	19,066
- Other receivables from related parties	8	2,700	15,292
- Other receivables from third parties		10,761	3,774
Inventories	10	1,414,336	1,423,812
Prepaid expenses	11	73,010	67,126
Current income tax assets		10,033	7,653
Other current assets	19	164,445	161,881
<b>Subtotal</b>		<b>5,705,834</b>	<b>4,884,649</b>
Assets held for sale	20	170,787	1,431
<b>Current assets</b>		<b>5,876,621</b>	<b>4,886,080</b>
Trade receivables		101,637	130,570
- Trade receivables from third parties	9	101,637	130,570
Other receivables		17,516	14,196
- Other receivables from related parties	8	15,103	12,632
- Other receivables from third parties		2,413	1,564
Derivative financial instruments	22	2,028	9,597
Financial investments	6	73,405	12,223
Investments accounted using the equity method	7	948,331	735,700
Investment properties	12	5,444,391	5,550,758
Property, plant and equipment	13	2,199,815	1,993,977
Right of use asset	15	69,249	42,419
Intangible assets		284,508	277,419
- Goodwill	16	58,200	57,213
- Other intangible assets	14	226,308	220,206
Prepaid expenses	11	70,575	48,622
Deferred tax assets	30	47,255	15,687
Other non-current assets	19	3,150	7,588
<b>Non-current assets</b>		<b>9,261,860</b>	<b>8,838,756</b>
<b>TOTAL ASSETS</b>		<b>15,138,481</b>	<b>13,724,836</b>

The consolidated financial statements for period 1 January – 31 December 2020 were approved by the Board Directors on 16 March 2021.

The accompanying notes form an integral part of these consolidated financial statements.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2020 AND 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

		Audited	Audited
	Note		
	references	31 December 2020	31 December 2019
<b>LIABILITIES</b>			
Short-term borrowings	21	1,653,451	2,195,828
Short-term portion of long-term	21	731,933	810,353
Derivative financial instruments	22	133,130	46,912
Trade payables		1,200,206	1,303,870
- Trade payables to related parties	8, 9	82,283	62,845
- Trade payables to third parties	9	1,117,923	1,241,025
Other payables		24,687	5,108
- Other payables to related parties	8	8,562	-
- Other payables to third parties		16,125	5,108
Payable regarding employee benefits	18	17,692	15,632
Deferred income	11	246,996	137,494
Current income tax liabilities	30	25,304	10,505
Short-term provisions		86,620	49,093
- Short-term provisions for employment benefits	18	65,181	35,149
- Other short-term provisions	17	21,439	13,944
Other short-term liabilities	19	519	10,654
<b>Current liabilities</b>		<b>4,120,538</b>	<b>4,585,449</b>
Long-term borrowings	21	3,829,102	2,287,041
Derivative financial instruments	22	3,450	29,693
Trade payables		4,739	3,125
- Trade payables to third parties	9	4,739	3,125
Other payables		2,252	7,881
- Other payables to third parties		2,252	7,881
Deferred income	11	2,925	5,483
Long-term provisions		70,590	56,592
- Long-term provisions for employment benefits	18	70,590	56,592
Deferred income tax liabilities	30	36,129	40,564
Other long-term liabilities	19	18,034	13,319
<b>Non-current liabilities</b>		<b>3,967,221</b>	<b>2,443,698</b>
<b>TOTAL LIABILITIES</b>		<b>8,087,759</b>	<b>7,029,147</b>

The accompanying notes form an integral part of these consolidated financial statements.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2020 AND 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

		Audited	Audited
	Note		
	references	31 December 2020	31 December 2019
<b>Equity attributable to equity holders of the parent</b>			
Paid-in share capital	23	1,003,450	1,003,450
Adjustments to share capital	23	(10,406)	(10,406)
<b>Total paid-in capital</b>		<b>993,044</b>	<b>993,044</b>
Merger offsetting account		154,442	154,442
Repurchased shares		(8,650)	(20,154)
Premiums on shares		7,296	7,296
Other comprehensive income/expense to be reclassified to profit or loss			
- <i>Change in fair value of financial assets</i>		4,668	4,304
- <i>Hedging reserves</i>		(77,356)	(39,395)
- <i>Currency translation differences</i>		180,071	135,013
Other comprehensive income/expense not to be reclassified to profit or loss			
- <i>Actuarial gain/loss arising from defined benefit plans</i>		(17,449)	(14,607)
Restricted reserves		34,318	28,179
Retained earnings		784,772	535,616
Net profit for the year		444,960	365,826
<b>Total equity attributable to equity holders of the parent</b>		<b>2,500,116</b>	<b>2,149,564</b>
<b>Non-controlling interests</b>		<b>4,550,606</b>	<b>4,546,125</b>
<b>TOTAL EQUITY</b>		<b>7,050,722</b>	<b>6,695,689</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>15,138,481</b>	<b>13,724,836</b>

The accompanying notes form an integral part of these consolidated financial statements.



# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

		Audited	Audited
	Note	1 January -	1 January -
	references	31 December 2020	31 December 2019
Revenue	24	6,179,380	5,603,688
Cost of sales (-)	24	(4,325,231)	(4,253,146)
<b>Gross profit</b>		<b>1,854,149</b>	<b>1,350,542</b>
General administrative expenses (-)	25	(208,104)	(156,348)
Marketing and selling expenses	25	(160,171)	(148,246)
Research and development expenses		(38,170)	(27,012)
Other operating income	26	690,074	351,217
Other operating expenses (-)	26	(647,265)	(281,639)
<b>Operating profit</b>		<b>1,490,513</b>	<b>1,088,514</b>
Income from investment activities	27	114,492	602,750
Expense from investment activities (-)	27	(166,937)	(9,884)
Profit or loss from investments accounted using the equity method	7	107,481	55,330
<b>Operating profit before finance income and expense</b>		<b>1,545,549</b>	<b>1,736,710</b>
Finance income	29	1,181,218	706,871
Finance expenses (-)	29	(2,059,915)	(1,253,100)
<b>Profit before tax from continuing operations</b>		<b>666,852</b>	<b>1,190,481</b>
Current income tax expense	30	(93,440)	(78,037)
Deferred tax income/(expense)	30	10,121	(4,737)
<b>Net profit for the period</b>		<b>583,533</b>	<b>1,107,707</b>
<b>Profit for the period attributable to:</b>			
Equity holders of the parent		444,960	365,826
Non-controlling interest		138,573	741,881
<b>Net profit for the period</b>		<b>583,533</b>	<b>1,107,707</b>

The accompanying notes form an integral part of these consolidated financial statements.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Note	Audited 1 January - 31 December 2020	Audited 1 January - 31 December 2019
<b>Net profit for the period</b>		<b>583,533</b>	<b>1,107,707</b>
<b>Other comprehensive income:</b>			
<b>Items to be reclassified to profit or loss</b>			
-Currency translation differences		32,483	13,535
- (Gain)/loss on cash flow hedge		(94,571)	(123,496)
-Gain/(loss) on cash flow hedge, tax effect	30	25,377	14,438
-(Gain)/loss on fair value of financial investments measured at fair value through other comprehensive income		383	2,943
-Gain/(loss) on fair value of financial investments measured at fair value through other comprehensive income, tax effect	30	(19)	(210)
-Gain/(loss) on currency translation differences from investments accounted using the equity method		85,147	39,257
<b>Items not to be reclassified to profit or loss</b>			
-Actuarial (gain)/loss arising from defined benefit plans		(7,353)	(11,904)
-Actuarial gain/(loss) arising from defined benefit plans, tax effect	30	1,496	2,210
-(Gain)/loss not to be classified from other comprehensive income to investments accounted using equity method		147	(5,709)
-Gain/(loss) not to be classified from other comprehensive income to investments accounted using equity method, tax effect		(30)	1,137
<b>Total comprehensive income</b>		<b>626,593</b>	<b>1,039,908</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent		449,579	350,602
Non-controlling interest		177,014	689,306
<b>Total comprehensive income</b>		<b>626,593</b>	<b>1,039,908</b>

The accompanying notes form an integral part of these consolidated financial statements.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

			Items to be reclassified to profit or loss			Items not to be reclassified to profit or loss						Total equity			
	Paid-in share capital	Adjustment to share capital	Change in fair value of financial assets measured at fair value through other comprehensive income	Currency translation differences	Hedging reserve	Actuarial loss arising from defined benefit plans	Restricted reserves	Premium on shares	Merger offsetting account	Repurchased shares	Retained earnings	Net profit for the period	attributable to owners of the parent	Non-controlling interests	Total equity
<b>Balance at 1 January 2019</b>	<b>1,003,450</b>	<b>(10,406)</b>	<b>493</b>	<b>114,778</b>	<b>(8,559)</b>	<b>(6,173)</b>	<b>19,188</b>	<b>-</b>	<b>154,442</b>	<b>(11,684)</b>	<b>349,795</b>	<b>203,192</b>	<b>1,808,516</b>	<b>4,081,323</b>	<b>5,889,839</b>
Transfers	-	-	-	-	-	-	8,991	-	-	-	194,201	(203,192)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	(228,226)	(228,226)
Total comprehensive income	-	-	3,811	20,235	(30,836)	(8,434)	-	-	-	-	-	365,826	350,602	689,306	1,039,908
Impact of changes in the ownership of subsidiaries (***)	-	-	-	-	-	-	-	-	-	-	(6,729)	-	(6,729)	6,729	-
Transactions with non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(1,651)	-	(1,651)	(807)	(2,458)
Increase (decrease) due to repurchase of shares (*)	-	-	-	-	-	-	-	7,296	-	(8,470)	-	-	(1,174)	(2,200)	(3,374)
<b>Balance at 31 December 2019</b>	<b>1,003,450</b>	<b>(10,406)</b>	<b>4,304</b>	<b>135,013</b>	<b>(39,395)</b>	<b>(14,607)</b>	<b>28,179</b>	<b>7,296</b>	<b>154,442</b>	<b>(20,154)</b>	<b>535,616</b>	<b>365,826</b>	<b>2,149,564</b>	<b>4,546,125</b>	<b>6,695,689</b>
<b>Balance at 1 January 2020</b>	<b>1,003,450</b>	<b>(10,406)</b>	<b>4,304</b>	<b>135,013</b>	<b>(39,395)</b>	<b>(14,607)</b>	<b>28,179</b>	<b>7,296</b>	<b>154,442</b>	<b>(20,154)</b>	<b>535,616</b>	<b>365,826</b>	<b>2,149,564</b>	<b>4,546,125</b>	<b>6,695,689</b>
Transfers	-	-	-	-	-	-	6,139	-	-	-	359,687	(365,826)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	891	(91,457)	-	(90,566)	(197,221)	(287,787)
Total comprehensive income	-	-	364	45,058	(37,961)	(2,842)	-	-	-	-	-	444,960	449,579	177,014	626,593
Effect of change in effect rate of the subsidiaries (**)	-	-	-	-	-	-	-	-	-	-	(26,400)	-	(26,400)	(6,800)	(33,200)
Increase (decrease) due to repurchase of shares (*)	-	-	-	-	-	-	-	-	-	10,613	7,326	-	17,939	31,488	49,427
<b>Balance at 31 December 2020</b>	<b>1,003,450</b>	<b>(10,406)</b>	<b>4,668</b>	<b>180,071</b>	<b>(77,356)</b>	<b>(17,449)</b>	<b>34,318</b>	<b>7,296</b>	<b>154,442</b>	<b>(8,650)</b>	<b>784,772</b>	<b>444,960</b>	<b>2,500,116</b>	<b>4,550,606</b>	<b>7,050,722</b>

(\*) Transactions regarding the repurchase of shares by held Aksa and Akış.

(\*\*) Akkök has purchased additional 80% shares of Aktek amounting to TRY33,200 on 30 June 2020.

(\*\*\*) Rate changes effect regarding to the repurchase of own shares by Aksa.

The accompanying notes form an integral part of these consolidated financial statements.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Note references	Audited 1 January - 31 December 2020	Audited 1 January - 31 December 2019
<b>Net profit (loss) for the period</b>		<b>583,533</b>	<b>1,107,707</b>
<b>Adjustments:</b>			
Adjustments related to depreciation and amortization expenses	13, 14, 15	236,827	205,390
Adjustments related to provisions		133,558	69,436
Adjustments for gain (loss) on sale of property, plant and equipment and intangibles and investment properties		(47,618)	(9,482)
Adjustments related to interest income and expense	29	268,585	203,239
Profit/losses from investments accounted using the equity method	7	(107,481)	(55,330)
Dividend income	27	(167)	(775)
Adjustments to tax expense	30	83,319	82,774
Gain on fair value changes of financial assets and liabilities		16,537	(651,634)
Unrealized foreign currency translation differences		910,289	438,820
<b>Cash flows from operating activities before changes in assets and liabilities</b>		<b>2,077,382</b>	<b>1,390,145</b>
<b>Changes in assets and liabilities</b>			
Adjustments for increase/decrease in trade receivables		(429,952)	99,085
Adjustments for increase/decrease in trade and other receivables from related parties		31,973	(26,376)
Adjustments for increase/decrease in inventories		16,742	(250,918)
Adjustments for increase/decrease in other assets		(9,600)	304
Adjustments for increase/decrease in trade payables		(121,483)	191,696
Adjustments for increase/decrease in trade and other payables due to related parties		28,662	56,310
Adjustments for increase/decrease in other liabilities		56	4,866
Increase/decrease in prepaid expenses		(30,087)	(42,718)
Increase/decrease in deferred income		107,421	37,224
Increase/decrease in employee benefits		2,489	4,940
Employee termination benefits paid		(32,883)	(29,216)
Tax payments	30	(81,021)	(77,397)
Other increase/decrease from operating activities		(7,057)	39,905
<b>Cash flows from operating activities</b>		<b>1,552,642</b>	<b>1,397,850</b>
<b>Investing activities</b>			
Cash outflows from purchases of property, plant and equipment and intangible assets	13, 14	(495,679)	(322,756)
Cash inflows from sale of property, plant and equipment and intangible assets		65,422	10,073
Cash outflows from purchases of investment property	12	(98,914)	(2,934)
Cash inflow from sales of investment properties	12	4,266	6,815
Cash outflows from purchase of financial investments		(106,901)	(38,388)
Dividend received		8,743	12,660
Change in investment for inventories (residences)	10	(12,750)	6,464
Cash outflows from the purchase of shares of subsidiaries		(33,200)	-
Cash inflows from sale of shares of investments accounted using the equity method	7	6,988	-
Cash outflows capital increases in associates	7	(35,450)	(147,070)
<b>Cash (inflows)/outflows from investing activities</b>		<b>(697,475)</b>	<b>(475,136)</b>
<b>Financing activities</b>			
Cash outflows from the acquisition of own shares and other equity instruments		49,427	(5,832)
Cash inflows from borrowings obtained	21	5,049,338	3,678,541
Cash inflows from borrowings paid	21	(5,276,111)	(4,059,586)
Cash outflows from payments of lease liabilities		(22,532)	(2,813)
Dividend paid		(90,566)	(73,457)
Dividend payments to non-controlling shares		(197,221)	(228,226)
Interest paid		(110,593)	(99,154)
Interest received		72,033	92,139
<b>Cash inflows/outflows from financing activities</b>		<b>(526,225)</b>	<b>(698,388)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>328,942</b>	<b>224,326</b>
<b>Net change in restricted cash</b>	5	<b>18,794</b>	<b>(447,268)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	5	<b>1,308,126</b>	<b>1,531,068</b>
<b>Cash and cash equivalents at the end of the period</b>	5	<b>1,655,862</b>	<b>1,308,126</b>

The accompanying notes form an integral part of these consolidated financial statements.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 1 - GROUP’S ORGANIZATION AND NATURE OF OPERATIONS

Akkök Holding Anonim Şirketi (“Akkök”) was established in 1979. Akkök, its subsidiaries, joint ventures and associates (all together referred as “the Group”) mainly operate in the chemicals, energy, real estate, coating and textile sectors and engage in manufacturing of all kinds of raw materials, auxiliary materials and intermediate substances, artificial, synthetic and natural fibres, carbon fibres, filament and polymers, and any equipment, machinery or spare parts used in the production, processing or storage of these, importing and exporting, establishment of domestic, foreign and international branches, marketing and trading, coating of the materials such as metal sheet, stainless steel, aluminium, ceramic tile, sanitary ware, porcelain and glass, establishment and start-up and rental of energy generation plant, electricity generation and sale of generated electricity or capacity to customers and purchase and sale of or investing in real estate properties. The Group, in addition to its main operation also has operations in restaurant management, marketing, air transport, information technology, insurance agency, and tourism companies.

The Group’s ultimate parents are A.R.D Holding Anonim Şirketi, NDC Holding Anonim Şirketi, and Atlantik Holding Anonim Şirketi, which are being controlled by Dinçök family members (Note 23).

On 22 April 2014, at the general assembly for 2013, the Company has changed its title to Akkök Holding Anonim Şirketi from Akkök Sanayi Yatırım ve Geliştirme Anonim Şirketi with the amendment of 3<sup>rd</sup> Article of Company’s articles of association and following the decision, change of the title has been registered on trade registry 13 May 2014 followed by the declaration on 20 May 2014,

Akkök Holding Anonim Şirketi is registered in Turkey and the address of the registered office is as follows:

Miralay Şefik Bey Sokak No: 15 Akhan Gümüşsuyu 34437 İstanbul

#### *Subsidiaries*

The subsidiaries of Akkök, the countries they are incorporated in, and the nature of their businesses are as follows:

<b>Subsidiaries</b>	<b>Country of incorporation</b>	<b>Nature of business</b>
Akiş Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (“Akiş”)	Turkey	Real estate investment
Karlıtepe Gayrimenkul Geliştirme ve Yatırım Anonim Şirketi (“Karlıtepe”)	Turkey	Real estate investment
Akyaşam Yönetim Hizmetleri Anonim Şirketi	Turkey	Real estate investment
Akasya Çocuk Dünyası Anonim Şirketi	Turkey	Real estate investment
Aksu Real Estate E.A.D. (“Aksu Real Estate”)	Bulgaria	Real estate investment
Ak-Kim Kimya Sanayi ve Ticaret Anonim Şirketi (“Ak-Kim”)	Turkey	Chemicals
Akcoat İleri Kimyasal Kaplama Malzemeleri Sanayii ve Ticaret Anonim Şirketi (“Akcoat”)*	Turkey	Chemicals
Akcoat USA Inc. (**)	USA	Chemicals
Akcoat Recubrimientos Quimicos Espacializados, S.L.U.” (“Akcoat Spain”)**	Spain	Chemicals
Akcoat Recubrimientos Quimicos Espacializados S. de R.L. de C.V (“Akcoat Meksika”)**	Mexico	Chemicals
Dinox Handels GmbH (“Dinox”)	Germany	Chemicals
Tasfiye Halinde Akmeltem Poliüretan Sanayi ve Ticaret Anonim Şirketi (“Akmeltem”)	Turkey	Chemicals
Aksa Akrilik Kimya Sanayii Anonim Şirketi (“Aksa”)	Turkey	Chemicals
Aksa Egypt Acrylic Fiber Industry SAE (“Aksa Egypt”)	Egypt	Textile
Ak Havacılık ve Ulaştırma Hizmetleri Anonim Şirketi (“Ak Havacılık”)(***)	Turkey	Aviation
Akmerkez Lokantacılık Gıda Sanayi ve Ticaret Anonim Şirketi (“Akmerkez Lokanta”)	Turkey	Restaurant management
Ak-Pa Tekstil İhracat Pazarlama Anonim Şirketi (“Akpa”)	Turkey	International trade
Aktek Bilgi İletişim Teknolojisi San. ve Tic. Anonim Şirketi (“Aktek”)	Turkey	Information technologies
Dinkal Sigorta Acenteliği Anonim Şirketi (“Dinkal”)	Turkey	Insurance agency
Zeytinliada Turizm ve Ticaret Anonim Şirketi (“Zeytinliada”)	Turkey	Tourism

(\*) At the board of Directors Meeting of Gizem Frit, held on 20 August 2020, it was resolved to change the trade name of Gizem Seramik Frit ve Glazür Sanayi ve Ticaret Anonim Şirketi to Akcoat İleri Kimyasal Kaplama Malzemeleri Sanayi ve Ticaret A.Ş.

(\*\*) Trade name of Megacolor Productos Ceramicos S.L.U. was changed to Akcoat Recubrimientos Quimicos Espacializados, S.L.U., trade name of Megacolor Productos Ceramicos Mexico was changed to Akcoat Recubrimientos Quimicos Espacializados S. de R.L. de C.V and trade name of Gizem USA Inc. was changed to Akcoat USA Inc.

(\*\*\*) Akhavacılık classified as “assets held for sales” as of 24 December 2020. (Note 20).

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 1 - GROUP’S ORGANIZATION AND NATURE OF OPERATIONS (Continued)

#### Joint ventures

The joint ventures of Akkök, the countries they are incorporated in, and the nature of their businesses and joint venture partners are as follows:

Joint Ventures	Country of incorporation	Nature of business	Joint venture partner
Akcez Enerji Yatırımlar Sanayi ve Ticaret Anonim Şirketi (“Akcez”)	Turkey	Energy	CEZ a,s,
Sakarya Elektrik Dağıtım Anonim Şirketi (“Sedaş”)	Turkey	Energy	CEZ a,s,
Sakarya Elektrik Perakende Satış Anonim Şirket (“Sepaş”)	Turkey	Energy	CEZ a,s,
Akenerji Elektrik Üretim Anonim Şirketi (“Akenerji”)	Turkey	Energy	CEZ a,s,
Akenerji Doğalgaz İthalat İhracat ve Toptan Ticaret Anonim Şirketi	Turkey	Energy	CEZ a,s,
Akenerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret Anonim Şirketi	Turkey	Energy	CEZ a,s,
Ak-el Kemah Elektrik Üretim Anonim Şirketi (“Kemah”)	Turkey	Energy	CEZ a,s,
DowAksa Advanced Composites Holding B,V, (“DowAksa”)	Netherlands	Chemicals	Dow Europe Holdings B,V,
DowAksa İleri Kompozit Malzemeler San, Ltd, Şirketi	Turkey	Chemicals	Dow Europe Holdings B,V,
DowAksa Switzerland GmbH	Switzerland	Chemicals	Dow Europe Holdings B,V,
DowAksa USA LLC	USA	Chemicals	Dow Europe Holdings B,V,
DowAksa Deutschland GmbH	Germany	Chemicals	Dow Europe Holdings B,V,
Akiş- Mudanya Adi Ortaklığı	Turkey	Real Estate	Mudanya
WMG London Developments L.P.	England	Real Estate	-
OXR Limited	England	Real Estate	-

#### Associates

The associates of Akkök, the countries they are incorporated in, and the nature of their businesses are as follows:

Associates	Country of incorporation	Nature of business
Akmerkez Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (“Akmerkez”)	Turkey	Real Estate Development

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 1 - GROUP’S ORGANIZATION AND NATURE OF OPERATIONS (Continued)

#### *Financial investments*

The financial investments of Akkök, the countries they are incorporated in, and the nature of their businesses are as follows:

<b>Financial investments</b>	<b>Country of incorporation</b>	<b>Nature of business</b>
Akhan Bakım Yönetim Servis Hizmet Ticaret Anonim Şirketi (“Akhan”)	Turkey	Service
Üçgen Bakım ve Yönetim Hizmetleri Anonim Şirketi (“Üçgen”)	Turkey	Service

Subsidiaries that are not material to the consolidated financial statements and financial investments that do not have quoted fair values or for which fair values cannot be reliably measured through alternative methods, are measured at cost less any impairment.

### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### **2.1 Basis of presentation**

The accompanying consolidated financial statements of the Group has been prepared in accordance with the International Accounting Standards (“IAS”) issued by International Accounting Standards Board (“IASB”). IAS contains International Accounting Standards, International Financial Reporting Standards (“IFRS”) and its addendum and interpretations (“IFRIC”).

Akkök, its subsidiaries, joint ventures and associates maintains its accounting records and prepares its statutory financial statements in accordance with Public Oversight Accounting and Auditing Authority of Turkey’s decision and General Communiqués on Accounting Systems Practices (“ASGC”), in Turkish Liras, in accordance with the requirements of Turkish Commercial Code (the “TCC”). These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with IFRS.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates, It also requires management to exercise judgment in the process of applying the Group’s accounting policies, The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

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### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### 2.2 Principles of consolidation

The significant accounting policies used during the preparation of these consolidated financial statements are summarised below:

- a) The consolidated financial statements include the accounts of the parent company, Akkök, its subsidiaries, joint ventures and associates on the basis set out in sections (b) to (e) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and are prepared in accordance with IFRS as explained in Note 2.1. The results of operations of subsidiaries, joint ventures and associates are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively.
- b) Subsidiaries are companies in which Akkök has the power to control their financial and operating policies. Akkök’s control over the investee, only and only when all of the following indicators are available; (a) has power over the investee, (b) the exposure to variable returns from its involvement with the investee or is entitled to these returns, and (c) has the ability to use its power over the investee to affect the amount of return to be earned.

Such control is established through the joint exercise of; (a) the voting rights of Akkök and its subsidiaries, (b) the voting rights of certain members of Dinçök family and the related shareholders who declared to exercise their voting rights inline with Akkök’s voting preference, and (c) the voting rights of entities that are controlled by the family members mentioned above and the related shareholders, which declared to exercise their voting rights inline with Akkök’s voting preference. Effective interest rate represents the effective shareholding of the Group through the shares held directly by Akkök and indirectly by its subsidiaries in the consolidated financial statements, interests owned by the Dinçök family members are presented as non-controlling interests.

The statements of balance sheets and statements of comprehensive income of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Akkök and its subsidiaries is eliminated against the related equity. Intercompany transactions and balances between Akkök and its subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by Akkök in its subsidiaries are eliminated from equity and income for the period, respectively.

The portion of the profit or loss and net assets of subsidiaries attributable to equity interests that are not owned, directly or indirectly through the subsidiaries, by the parents, is presented as non-controlling interest.



# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.2 Principles of consolidation (Continued)

The table below sets out the proportion of voting power held by Akkök and its subsidiaries and effective ownership interests at 31 December 2020 and 2019:

Subsidiaries	Voting power held by Akkök and its subsidiaries (%) (1)		Voting power held by certain Dinçkök family numbers and related shareholders (%) (2)				Effective interest (%) (3)	
	Total voting power held (%)		Total voting power held (%)		Total voting power held (%)		Total voting power held (%)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Ak Havacılık ve Ulaştırma Hizmetleri Anonim Şirketi	100.00	100.00	-	-	100.00	100.00	100.00	100.00
Ak-Kim Kimya Sanayi ve Ticaret Anonim Şirketi	42.00	42.00	31.30	36.63	73.30	78.63	42.00	42.00
<i>Akcoat İleri Kimyasal Kaplama Malzemeleri</i>								
<i>Sanayii ve Ticaret Anonim Şirketi</i>	100.00	100.00	-	-	100.00	100.00	42.00	42.00
<i>Akcoat Recubrimientos Quimicos Espacializados, S.L.U.</i>	100.00	100.00	-	-	100.00	100.00	42.00	42.00
<i>Akcoat Recubrimientos Quimicos Espacializados S. de R.L. de C.V</i>	100.00	100.00	-	-	100.00	100.00	42.00	42.00
<i>Akcoat USA Inc.</i>	100.00	100.00	-	-	100.00	100.00	42.00	42.00
<i>Dinox Handels GmbH</i>	100.00	100.00	-	-	100.00	100.00	42.00	42.00
Tasfiye Halinde Akmeltem Poliüretan Sanayi ve Ticaret Anonim Şirketi	50.00	50.00	1.67	1.67	51.67	51.67	50.00	50.00
Akmerkez Lokantacılık Gıda Sanayi ve Ticaret Anonim Şirketi	43.75	43.75	-	-	43.75	43.75	43.75	43.75
Ak-Pa Tekstil İhracat Pazarlama Anonim Şirketi	86.69	86.69	-	7.50	86.69	94.19	86.69	86.69
Akport Tekirdağ Liman İşletmeleri Anonim Şirketi (4)	-	100.00	-	-	-	100.00	-	100.00
Aksa Akrilik Kimya Sanayi Anonim Şirketi	39.59	39.59	18.82	19.88	58.41	59.47	39.59	39.59
<i>Aksa Egypt Acrylic Fiber Industries SAE</i>	100.00	100.00	-	-	100.00	100.00	39.67	39.67
Dinkal Sigorta Acenteliği Anonim Şirketi	96.66	96.66	-	2.23	96.66	98.89	96.66	96.66
Zeytinliada Turizm ve Ticaret Anonim Şirketi	89.61	89.61	-	4.64	89.61	94.25	89.61	89.61
Akiş Gayrimenkul Yatırım Ortaklığı Anonim Şirketi	14.66	14.66	38.26	54.43	52.92	69.09	14.66	14.66
<i>Aksu Real Estate E.A.D.</i>	100.00	100.00	-	-	100.00	100.00	14.66	14.66
<i>Akyaşam Yönetim Hizmetleri Anonim Şirketi</i>	100.00	100.00	-	-	100.00	100.00	14.66	14.66
<i>Akasya Çocuk Dünyası Anonim Şirketi</i>	100.00	100.00	-	-	100.00	100.00	14.66	14.66
<i>Karlıtepe Gayrimenkul Geliştirme ve Yatırım ve Anonim Şirketi</i>	100.00	100.00	-	-	100.00	100.00	14.66	14.66
Aktek Bilgi İletişim Teknolojisi San. ve Tic. Anonim Şirketi (5)	100.00	20.00	-	40.00	100.00	60.00	100.00	20.00

(1) Represents total direct ownership interest held by Akkök and its subsidiaries.

(2) Represents total direct ownership interest held by certain Dinçkök family members and related shareholders who declared to exercise their voting power in-line with the voting preference of Akkök.

(3) Represents total direct and indirect ownership interest held by Akkök.

(4) Akport Tekirdağ Liman İşletmeleri Anonim Şirketi, which was included in consolidated financial statements on a line-by-line basis as of 31 December 2019, merged with Akkök on 31 March 2020 with all its assets and liabilities.

(5) Akkök has purchased additional 80% shares of Aktek amounting to TRY33,200 on 30 June 2020. After the share purchase, Akkök's proportion of effective interest is 100%.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.2 Principles of consolidation (Continued)

- c) A joint arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an economic activity. A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Akkök exercises such joint control through direct and indirect ownership interest held by itself and/or through voting power Dinçkök family members and the related shareholders who declared to exercise their voting power inline with the voting preferences Akkök. The Group’s interest in joint ventures is accounted for by using the equity method. Under the equity method, investments in the joint ventures are carried in the statement of financial position at cost plus post acquisition changes in the Company’s share of net assets of the joint venture and the comprehensive income reflects the share of the results of operations of the joint ventures. Where there has been a change recognised directly in the equity of the joint ventures, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. The table below sets out the joint-ventures, the proportion of voting power held by Akkök and its subsidiaries and effective ownership interests at 31 December 2020 and 2019:

Joint Ventures	Voting power held by Akkök and its subsidiaries (%) (1)		Voting power held by certain Dinçkök family members and related shareholders (%) (2)				Effective interest (%) (3)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	Total voting power held (%)		31 December 2020	31 December 2019
					31 December 2020	31 December 2019		
Ak Enerji Elektrik Üretim Anonim Şirketi	20.43	20.43	16.93	16.93	37.36	37.36	20.43	20.43
<i>Akenerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret Anonim Şirketi</i>	<i>100.00</i>	<i>100.00</i>	-	-	<i>100.00</i>	<i>100.00</i>	<i>20.43</i>	<i>20.43</i>
<i>Ak-El Kemah Elektrik Üretim Anonim Şirketi</i>	<i>100.00</i>	<i>100.00</i>	-	-	<i>100.00</i>	<i>100.00</i>	<i>20.43</i>	<i>20.43</i>
<i>Akenerji Doğalgaz İthalat İhracat ve Toptan Ticaret Anonim Şirket</i>	<i>100.00</i>	<i>100.00</i>	-	-	<i>100.00</i>	<i>100.00</i>	<i>20.43</i>	<i>20.43</i>
Akceç Enerji Yatırımları Sanayi ve Ticaret Anonim Şirket	50.00	50.00	-	-	50.00	50.00	50.00	50.00
<i>Sakarya Elektrik Dağıtım Anonim Şirketi</i>	<i>100.00</i>	<i>100.00</i>	-	-	<i>100.00</i>	<i>100.00</i>	<i>50.00</i>	<i>50.00</i>
<i>Sakarya Elektrik Perakende Satış Anonim Şirket</i>	<i>100.00</i>	<i>100.00</i>	-	-	<i>100.00</i>	<i>100.00</i>	<i>50.00</i>	<i>50.00</i>
Dowaksa Advanced Composites Holding B.V	50.00	50.00	-	-	50.00	50.00	19.79	19.79
<i>DowAksa İleri Kompozit Malzemeler Sanayi Ltd. Şirket</i>	<i>100.00</i>	<i>100.00</i>	-	-	<i>100.00</i>	<i>100.00</i>	<i>19.79</i>	<i>19.79</i>
<i>DowAksa Switzerland GmbH</i>	<i>100.00</i>	<i>100.00</i>	-	-	<i>100.00</i>	<i>100.00</i>	<i>19.79</i>	<i>19.79</i>
<i>DowAksa USA LLC</i>	<i>100.00</i>	<i>100.00</i>	-	-	<i>100.00</i>	<i>100.00</i>	<i>19.79</i>	<i>19.79</i>
<i>DowAksa Deutschland GmbH</i>	<i>100.00</i>	<i>100.00</i>	-	-	<i>100.00</i>	<i>100.00</i>	<i>19.79</i>	<i>19.79</i>
Akiş - Mudanya Adi Ortaklığı	50.00	50.00	-	-	50.00	50.00	7.33	8.87
WMGLondon Developments L.P.	51.00	51.00	-	-	51.00	51.00	7.48	7.48
<i>OXR Limited</i>	<i>100.00</i>	<i>100.00</i>	-	-	<i>100.00</i>	<i>100.00</i>	<i>7.48</i>	<i>7.48</i>

(1) Represents total direct ownership interest held by Akkök and its subsidiaries.

(2) Represents total direct ownership interest held by certain Dinçkök family members and related shareholders who declared to exercise their voting power in-line with the voting preference of Akkök.

(3) Represents total direct and indirect ownership interest held by Akkök.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.2 Principles of consolidation (Continued)

- d) Investments in associated undertakings are accounted for using the equity method (Note 7). These are undertakings, over which the Group generally has between 20% and 50% of the voting rights; through the voting rights of Akkök and its subsidiaries and/or through the voting rights of certain members of Dinçkök family and related shareholders in those companies who declared to exercise their voting rights inline with Akkök’s voting preference or through the Group’s exercise of significant influence with, no controlling power. Unrealised gains on transactions between the Group and its associated undertakings are eliminated to the extent of the Group’s interest in the associated undertakings; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Equity accounting is discontinued when the carrying amount of the investment in an associated undertaking reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated undertaking or significant influence of the Group ceases. The carrying amount of the investment at the date when significant influence ceases is regarded as cost thereafter. The table below sets out the associates accounted for using the equity method of accounting, the proportion of voting power held by Akkök and its subsidiaries and effective ownership interests at 31 December 2020 and 2019:

Associates	Voting power held by Akkök and its subsidiaries (%) (1)		Voting power held by certain Dinçkök family numbers and related shareholders (%) (2)		Total voting power held (%)		Effective interest (%) (3)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	Akmerkez Gayrimenkul Yatırım Ortaklığı Anonim Şirketi	12.66	13.13	5.57	5.57	18.24	18.70	12.66

- e) Other investments in which the Group and its subsidiaries have an interest below 20%, or Group and its subsidiaries have an interest over 20% but the Group does not exercise a significant influence, or which are immaterial, and which do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value (Note 6).

Financial Investments	Voting power held by Akkök and its subsidiaries (%) (1)		Voting power held by certain Dinçkök family numbers and related shareholders (%) (2)		Effective interest (%) (3)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Akhan Bakım Yönetim Servis Hizmet Ticaret Anonim Şirketi	99.00	99.00	0.15	5.57	99.00	99.00
Üçgen Bakım ve Yönetim Hizmetleri Anonim Şirket	39.37	39.37	-	-	39.37	39.37

(1) Represents total direct ownership interest held by Akkök and its subsidiaries.

(2) Represents total direct ownership interest held by certain Dinçkök family members and related shareholders who declared to exercise their voting power in-line with the voting preference of Akkök.

(3) Represents total direct and indirect ownership interest held by Akkök.

(4) Akkök has the significant influence over Akmerkez GYO, an associate of the Group, through representation on the board of directors and participation in policy-making processes, including participation in decisions about dividends or other distributions.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.3 The new standards, amendments and interpretations**

*a) Standards, amendments and interpretations applicable as at 31 December 2020:*

- **Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, ‘Presentation of financial statements’, and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other IFRSs:
  - i) Use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
  - ii) Clarify the explanation of the definition of material; and
  - iii) Incorporate some of the guidance in IAS 1 about immaterial information.
- **Amendments to IFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
- **Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform;** effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.
- **Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions;** effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

There are no material effects on consolidated financial statements of these standards, amendments and interpretations mentioned above.

*b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2020:*

- **IFRS 17, ‘Insurance contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.3 The new standards, amendments and interpretations (Continued)**

*b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2020 (Continued):*

- **Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.
- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
  - **Amendments to IFRS 3,** ‘Business combinations’ update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. .
  - **Amendments to IAS 16,** ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
  - **Amendments to IAS 37,** ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.
- **Amendments to IFRS 17 and IFRS 4, ‘Insurance contracts’, deferral of IFRS 9;** effective from annual periods beginning on or after 1 January 2021. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until 1 January 2023.

The Group will consider the possible effect on its financial statements after effective date. Possible effects of such standards on financial position and performance under consideration.

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.4 Comparatives and adjustment to previous periods’ financial statements**

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. In order to comply with the presentation of consolidated financial statements the current period when deemed necessary, comparative information is reclassified.

**2.5 Changes in accounting policies, accounting estimates and errors**

Significant changes in accounting policies or significant errors are corrected, retrospectively; by restating the prior period consolidated financial statements. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

**2.6 Going concern**

The consolidated financial statements including the accounts of the parent company, its subsidiaries, joint ventures and associates have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

**2.7 Significant changes in the current period**

The impact of COVID-19 pandemic to the Group’s operations and financial results has been monitored and actions have been immediately taken for the Company to mitigate the impacts of the pandemic.

In connection with the COVID-19 pandemic and parallel to the current conditions/slowdown in the global economy, there have been disruptions in the supply and sales processes and especially during the lockdowns the manufacturing capacity was reduced in April 2020 in chemicals. As of June 2020, manufacturing capacity was gradually increased to regular operating levels with the increasing demand. In the meantime, the Group has taken measures for investment expenditures, stock optimization and for savings on operational and capital expenditures.

As of 19 March 2020, Akiş management has temporarily suspended the activities of Akasya and Akbatı Shopping Centers (“Shopping Mall”), prioritizing the health of store employees, visitors and Company employees operating in shopping centers. In this respect, during the period when the shopping malls are closed, the rent is not taken from their tenants for the days they are closed, the rent of the shopping malls is collected until 19 March 2020, when the activity continues, the market is taken as a basis for the closed shops due to legal regulations, and it was decided to give the authority to regulate rent for the stores that continue their activities such as pharmacies.

Akbatı and Akasya Shopping Centers, where the Group stopped its activities on 19 March 2020 within the scope of the COVID-19 epidemic, resumed their activities as of 1 June 2020, with all necessary measures taken to maximize hygiene conditions and minimize risks. Regarding lease payments of June, it was decided to provide lease support only for June, depending on turnover and various criteria and not exceeding 50%.

The Group management takes the necessary measures to minimize the negative effects of the epidemic on the consolidated financial statements, performance and cash flows of the Group. The Group management predicts that the subsidiaries have enough liquidity reserves to maintain their operational continuity and the shopping malls will have enough resources when they become operational. In addition, the Group reviewed the critical estimates and assumptions. Within this scope, the Group has tested the financial assets, inventories, tangible assets, goodwill and investment properties for a possible impairment and no impairments were identified.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

#### 3.2 Related parties

Parties are considered related to the Group if;

- a) directly, or indirectly through one or more intermediaries, the party:
  - i) controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
  - ii) has an interest in the Group that gives it significant influence over the Group or has joint control over the Group;
- b) the party is an associate;
- c) the party is a joint venture in which the Group is a venture;
- d) the party is member of the key management personnel of the Group or its parent;
- e) the party is a close member of the family of any individual referred to in (a) or (d);
- f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- g) the party has a post-employment benefit plan for the benefit of employees of the Group, or of an entity that is a related party of the Group.

Related party transactions are transfer of resources, services or obligations between related parties, regardless of whether a price is charged. A number of transactions are entered into with related parties in the ordinary course of business (Note 8).

#### 3.3 Financial assets

##### *Classification*

Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

Financial assets are not reclassified after initial recognition, except where the business model of the Group is subject to change in the management of financial assets. In the case of business model change; the financial assets are reclassified on the first day of the following the change reporting period.

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**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.3 Financial assets (Continued)**

**Recognition and Measurement**

“Financial assets measured at amortized cost”, are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group’s financial assets measured at amortized cost comprise “cash and cash equivalents”, “trade receivables” and “financial investments”. Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the consolidated statement of income.

“Financial assets measured at fair value through other comprehensive income”, are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified.

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

“Financial assets measured at fair value through profit or loss”, are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

*Subsidiaries excluded from the scope of consolidation*

For investments as subsidiaries that are excluded from the scope of consolidation on the grounds of materiality where there is no quoted market price and where a reasonable estimate of fair value cannot be determined since other methods are inappropriate and unworkable, they are carried at cost less any impairment (Note 6).

**3.4 Trade receivables and payables**

Trade receivables are recognised at original invoice amount and carried at amortised cost less an allowance for any uncollectible amounts. An estimate for doubtful debt is made when collection of the full amount is no longer probable. A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The allowance is an estimated amount which is difference between existing receivable and collectible amount. Collectible amount is the discounted value of trade receivables, all cash flows including collections from guarantees by using original effective interest rate. Bad debts are written off when identified (Note 9).

Applied the “simplified approach” for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to “lifetime expected credit losses” except incurred credit losses in which trade receivables are already impaired for a specific reason.

Trade payables consist of the amounts invoiced or not invoiced related with the realised material or service purchases and are carried at amortised cost (Note 9).



# AKKÖK HOLDİNG ANONİM ŞİRKETİ

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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

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### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.5 Inventories

Inventories are valued at the lower of cost or net realisable value less costs to sell. Cost of inventories comprises the purchase cost and the cost of bringing inventories into their present location and condition. Cost is determined by the monthly moving weighted average method. The cost of borrowings is not included in the costs of inventories. Net realisable value less costs to sell is the estimated sales price in the ordinary course of business, less the estimated costs necessary to make the sale (Note 10).

Land planned for used in current or near future development projects are classified as inventories. As of balance sheet date, inventories which are not expected to be sold in one year are classified under non-current assets.

#### 3.6 Investment properties

Land and buildings that are held for rental yields or for capital appreciation or both rather than held in the production or supply of goods or services or for administrative purposes or for the sale in the ordinary course of business are classified as “investment property” (Note 12).

Investment properties are measured at fair value and changes in fair value are recognized under statement of profit or loss. Fair value of an investment property is the price at which the property could be exchanged between or a payment of a debt between knowledgeable and willing parties in a market condition.

#### 3.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their costs and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation is provided for property, plant and equipment on a straight-line basis (Note 13). Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

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	<b>Useful life (Year)</b>
Land improvements	2-50
Buildings	5-50
Machinery and equipment	3-40
Motor vehicles	4-8
Furniture and fixtures	2-50
Leasehold improvements	4-5

## AKKÖK HOLDİNG ANONİM ŞİRKETİ

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#### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 3.7 Property, plant and equipment (Continued)

The Group assesses at each balance sheet date whether there is objective evidence that a property, plant and equipment or a group of property, plant and equipment is impaired. In the event of circumstances indicating that an impairment has occurred in the property, plant and equipment, an inspection is performed for the purpose of determining a possible impairment, and if the registered value of the tangible asset is higher than its recoverable value, the registered value is reduced to its recoverable value by reserving a provision. The recoverable value is considered either the net cash flow to be caused by the current use of the respective property, plant and equipment or the next sales price, whichever is higher.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their restated carrying amounts and are included in the related income and expense accounts, as appropriate (Note 27).

Repairs and maintenance are charged to consolidated statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will be retained.

##### 3.8 Intangible assets

Intangible assets acquired separately from a business are capitalised at acquisition cost. Intangible assets created within the business are not capitalised and the related expenditures are charged against profits in the year in which it is incurred. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. The depreciation period for the intangibles capitalised in relation with the developments will be started after the production of these developments are started. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable (Note 14).

Fees paid for usage rights of assets in Yalova Kompozit ve Kimya İhtisas Islah Organize Sanayi Bölgesi (“Yalkim OSB”) have been classified under intangible assets and fees paid for usage of land with indefinite useful life is not amortized.

##### *Intangible assets recognized as a part of business combination*

In business combinations, the acquirer may recognize identifiable assets, intangible assets and/or contingent liabilities which are not included in the acquiree’s financial statements and which can be separated from goodwill, at their fair values in the consolidated financial statements. The customer relationships of the acquiree is considered as identifiable intangible asset and recognized at fair value at the acquisition date.

Intangible assets useful lives vary between 3 and 15 years.

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### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.8 Intangible assets (Continued)

##### *Research and development expenses*

Expenditures for research and development are expensed in the period incurred. Except with the following criteria for project expenditures are recorded as expense in the period incurred as well. The costs related to the development projects are capitalised when the criteria below are met and amortised on a straight-line basis over the useful lives of related projects according to IAS 38 “Intangible Assets” (Note 14):

- The product or process is clearly defined, and costs are separately identified and measured reliably,
- The technical feasibility of the product is demonstrated,
- The product or process will be sold or used in-house,
- A potential market exists for the product or its usefulness in case of internal use is demonstrated
- Adequate technical, financial and other resources required for completion of the project are available.

The Group manages research and development projects with project declaration documentation. On the beginning and ending of projects, top management of Group confirms projects declaration forms, reviews projects and controls research and development expenses and capitalization.

#### 3.9 Revenue recognition

Group recognises revenue based on the following five principles in accordance with the IFRS 15 - “Revenue from Contracts with Customers” standard effective from 1 January 2019:

- Identification of customer contracts
- Identification of performance obligations
- Determination of the transaction price in the contracts
- Allocation of transaction price to the performance obligations
- Recognition of revenue

Group evaluates each contracted obligation separately and respective obligations, which are committed to deliver the goods or perform services, are determined as separate performance obligations. After that determines at whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore fies a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation.

The goods or services are transferred when the control of the goods or services is delivered to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

- a) presence of Group’s collection right of the consideration for the goods or services,
- b) customer’s ownership of the legal title on goods or services,
- c) physical transfer of the goods or services,
- d) customer’s ownership of significant risks and rewards related to the goods or services,
- e) customer’s acceptance of goods or services.

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#### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 3.9 Revenue recognition (Continued)

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted.

On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference of the consideration is recognised on an accrual basis as other operating income. Incomes from consultancy services resulting from the construction of facilities are accounted for when it is probable that the economic return to the Group will be possible and the yield can be reliably measured. Revenue is calculated by deducting the discounts and value added and sales taxes.

Dividend income is recognised when the Group has the right to receive the dividend payment.

Commission income is recognised when the intermediary goods have been billed by the seller.

The Group has accrued volume rebates in line with the customers' purchase targets to be paid at the end of the year. The Group classifies such volume rebates as "sales discounts" account under revenues.

Rent income from investment properties is recognized on the accrual basis. Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized when the amount of revenue can be measured reliably and when it is probable that future economic benefits associated with the transaction will flow to the Group. The seasonal rent discounts are offsetted from rent revenue as incurred.

Revenue is shown by after eliminated in-group sales, deducting discounts and sales taxes.

Revenue from real estate sales is recognized in the statement of comprehensive income when the risks and benefits are transferred to the buyer.

Interest income is recognized using the effective interest method, which takes into account the future cash inflows from an asset over its expected life.

##### 3.10 Borrowings

All bank borrowings are initially recognised at cost, being the fair value of the consideration received net of issue cost associated with the borrowing. After initial recognition, bank borrowings are subsequently measured at amortised cost using the effective yield method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement (Note 21).

##### 3.11 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale.

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**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.12 Provision for employee termination benefits**

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

IAS 19, “Employee Benefits” requires actuarial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc.) to estimate the entity’s obligation for employment termination benefits. The effects of differences between the actuarial assumptions and actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains/losses (Note 18).

The Group has an employee benefit plan called “Seniority Incentive Bonus” (“Bonus”) which is paid to employees with a certain level of seniority. The Group accounts for this Bonus according to IAS 19, “Employee Benefits”, Seniority incentive bonus provision which is disclosed within the employee termination benefit represents the present value of the estimated total reserve of the probable future obligations (Note 18).

***Unused vacation rights***

Liabilities arising from unused vacations of the employees are accrued in the period when the unused vacations are qualified.

**3.13 Current and deferred tax**

Tax expense or income is the aggregate of current income tax and deferred taxes which are based on the gains and losses for the period,

The corporation tax rate is 20% after 1 January 2006 in Turkey. However, in accordance with the addition of temporary 10th article to the Corporate Tax Law, 22% corporate tax rate will be applied to the profits of the entities related to their 2018, 2019 and 2020 tax periods (for the entities with special accounting period, tax periods commenced in the related year) rather than 20%. Corporation tax rate is applicable on the total income of the companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption, investment incentive exemption, etc.) and income tax deductions (for example research and development expenses deduction). No further tax is payable unless the profit is distributed.

Except for the paid to non-resident corporations which have a representative office in Turkey or resident corporations and the cases specified in the Double Tax Treaties, dividends are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Income from real estate investment trust activities of Akmerkez, an associate of the Group and Akiş, a subsidiary of the Group, are not subject to Corporate Tax according to article 5/1, paragraph d-a of Corporate Tax Law. This exception is also applied to the temporary tax bases subject to the relevant temporary tax periods. Although income from real estate investment trust activities are subject to stoppage according to article 15, paragraph 3 of Corporate Tax Law, the stoppage rate is decided as “0%” according to decision numbered 2009/14594 by Council of Ministers.

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#### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 3.13 Current and deferred tax (Continued)

Deferred tax is provided for in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements.

Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled. Deferred tax liabilities are recognised for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. The carrying amount of deferred tax assets is reviewed by the Group at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized (Note 30).

Since the applicable tax rate has been changed to 22% for the 3 years beginning from 1 January 2018, 22% tax rate is used in the deferred tax calculation of 31 December 2018 for the temporary differences expected to be realized/closed within 3 years (for the years 2018, 2019 and 2020). However, since the corporate tax rate after 2020 is 20%, 20% tax rate is used for the temporary differences expected to be realized/closed after 2020.

Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority are offset accordingly, at individual entity level.

##### 3.14 Events after the balance sheet date

The Group adjusts the amounts recognised in its financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements (Note 32).

##### 3.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate (Note 17).

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**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.16 Contingent assets and liabilities**

Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial tables and are treated as contingent assets or liabilities.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. A contingent asset is disclosed where an inflow of economic benefit is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs (Note 17).

**3.17 Business combinations**

Business combinations are accounted in accordance with IFRS 3, “Business Combinations”. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group’s share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. If the purchase amount is less than the fair value of provisions, contingent assets and liabilities, the subjected difference is identified with income statement.

*Changes in Ownership Interests*

The Group applies a policy of treating transactions with non-controlling interests that do not result in loss of control, as transactions with owners of the parent. In a purchase transaction with non-controlling interests, the difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. In a sale transaction with non-controlling interests, the difference between fair value of any proceeds received and the relevant share of non-controlling interests are also recorded in equity. Consequently, gains or losses on disposals to non-controlling interests are not accounted for in the consolidated statement of comprehensive income.

**3.18 Foreign currency transactions**

*Functional currency*

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated financial statements are presented in Turkish Lira, which is the functional currency of Akkök.

*Foreign currency transactions and balances*

Income and expenses arising in foreign currencies have been translated into TRY at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated statement of comprehensive income.

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**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.19 Derivative financial instruments**

Derivative financial instruments are initially recognized at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

The derivative instruments of the Group mainly consist of interest rate swap and forward foreign exchange purchase and sale transactions. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the consolidated financial statements and fair value difference of these derivatives are accounted for under consolidated income statements. Derivatives of the Group which qualified for hedge accounting under specific rules are measured using the methods stated as below:

*Cash Flow Hedge*

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group. Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognized in equity as “hedging reserves”. Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognized under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognized under equity are transferred to the consolidated income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gains or losses previously recognized in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

**3.20 Statement of cash flows**

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows of the Group generated from operations. Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (capital expenditures and financial investments). Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Cash and cash equivalents include investments in which cash and bank deposits are highly liquid, short-term and readily convertible into cash with a maturity of 3 months or less (Note 5).



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**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.21 Government grants**

Grants from the government are recognised at their fair value when there is a reasonable assurance that the grant will be received, and the group will comply with all attached conditions. Government grants relating to costs are recognised in the statement of comprehensive income by deducting from research and development expenses. Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are recognized in the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

**3.22 Paid in share capital**

The shareholders are classified as share capital. The share capital through a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings (Note 23).

**3.23 Leases**

***Right-of-use assets***

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes:

- a) initial direct costs incurred,
- b) lease payments made at or before the commencement date less any lease incentives received,
- c) all initial direct costs incurred by the Group.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment.

***Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

Lease payments included in the measurement of the lease obligation on the date that the lease actually commences, consists of the following payments to be made for the right of use of the underlying asset during the lease period and not paid on the date the lease actually starts:

- (a) Fixed payments,
- (b) Variable lease payments that depend on an index or a rate,
- (c) Amounts expected to be paid under residual value guarantees
- (d) The exercise price of a purchase option reasonably certain to be exercised by the Group and
- (e) Payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

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### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.23 Leases (Continued)

##### *Lease liabilities (Continued)*

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable, the Group determines the alternative borrowing interest rate at the date of the revaluation.

After the effective date of the lease, the Group measures the lease obligation as follows:

- (a) Increase the carrying amount to reflect the interest on the lease obligation, and
- (b) Decreases book value to reflect rental payments.

In addition, in the situation of a change in the lease term, in essence a change in fixed lease payments or a change in the assessment of the option to buy the underlying asset, the value of the lease obligations is remeasured.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements according to IFRS, necessitates the use of estimates and assumptions that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities for the next reporting period are outlined below:

#### *a) Fair values of investment property*

The Group has determined the fair values of investment properties and disclosed them in Note 12.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as discounted cash flow projections.

#### *b) Deferred income tax assets*

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised (Note 30).

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

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### NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

#### c) *Useful lives of property, plant and equipment and intangible assets*

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. Useful lives of property, plant and equipment, rely on best estimates of management, these estimates are reviewed balance sheet dates and if necessary, adjustments are made (Note 13 and 14).

#### d) *Provisions*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of the obligation (Note 17).

#### e) *Income taxes*

Subsidiaries, joint ventures and associates of the Group are subject to income tax and various tax legislations. The group performs the accounting of liabilities related to the taxes expected based on the assumption of whether additional tax will be paid or not. If the tax amount reached as a result of these is significantly different from the amount first entered to the book, these differences may affect the provision of income tax and deferred taxes related to that period (Note 30).

### NOTE 5 - CASH AND CASH EQUIVALENTS

The analysis of cash and cash equivalents at 31 December 2020 and 2019 is presented below:

	31 December 2020	31 December 2019
Cash on hand	463	557
Banks	1,682,633	1,354,537
- demand deposits	83,841	113,483
- time deposits	1,598,792	1,241,054
Other	997	1,431
<b>Total</b>	<b>1,684,093</b>	<b>1,356,525</b>

The reconciliation between cash and cash equivalents in the consolidated statement of financial position and the consolidated statements of cash flows as at 31 December 2020 and 2019 is as follows:

	31 December 2020	31 December 2019
Cash and cash equivalents	1,684,093	1,356,525
Less: restricted deposits	(26,372)	(45,166)
Less: interest accruals	(1,859)	(3,233)
<b>Cash and cash equivalents</b>	<b>1,655,862</b>	<b>1,308,126</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

Interest rate of time deposits with maturities less than 3 months at 31 December 2020 and 2019 are as follows:

	31 December 2020		31 December 2019	
	Time Deposit	Interest rate (%)	Time Deposit	Interest rate (%)
USD	876,789	2.25-3.55	356,832	1.35-5.50
EUR	545,126	0.35-2.80	409,005	0.10-3.75
TRY	176,877	8.25-18.25	475,217	9.50-23.25
<b>Total</b>	<b>1,598,792</b>		<b>1,241,054</b>	

### NOTE 6 - FINANCIAL INVESTMENTS

	31 December 2020	31 December 2019
Bank deposits with maturities over three months (*)	259,583	426,813
Stocks and bonds	208,325	45,143
Other financial investments measured at fair value through profit or loss	113,684	2,979
<b>Current financial investments</b>	<b>581,592</b>	<b>474,935</b>
Other financial investments measured at fair value through profit or loss	59,192	-
Financial investments measured at fair value through other comprehensive income	9,466	11,997
Bonds with maturities over one year	4,521	-
Financial investments not included in the scope of consolidation (**)	226	226
<b>Non-current financial investments</b>	<b>73,405</b>	<b>12,223</b>
<b>Total</b>	<b>654,997</b>	<b>487,158</b>

(\*) Bank deposits are blocked by banks related to borrowings and rent receivables of subsidiaries of the Group.

(\*\*) Financial investments that are excluded from the scope of consolidation are excluded on the grounds of immateriality. As these shares do not have quoted market price in an active market, they are carried at cost, adjusted for inflation accounting that was applicable until 31 December 2004.

#### Financial investments measured at fair value through other comprehensive income:

	(%)	31 December 2020	(%)	31 December 2019
Yapı ve Kredi Bankası A.Ş.	<1	9,466	<1	11,427
Akçansa Çimento Sanayi A.Ş.	<1	-	<1	570
<b>Total</b>		<b>9,466</b>		<b>11,997</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### NOTE 6 - FINANCIAL INVESTMENTS (Continued)

Movements of financial investments measured at fair value through other comprehensive income for the periods ended 31 December 2020 and 2019 are as follows:

	2020	2019
<b>1 January</b>	<b>11,997</b>	<b>7,790</b>
Additions	-	1,264
Change in fair value	1,846	2,943
Disposals	(4,377)	-
<b>31 December</b>	<b>9,466</b>	<b>11,997</b>

#### Financial investments not included

##### in the scope of consolidation:

	31 December 2020	31 December 2019
Akhan Bakım Yönetim Servis Hizmet Ticaret A.Ş.	119	119
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	107	107
<b>Total</b>	<b>226</b>	<b>226</b>

### NOTE 7 - INVESTMENTS ACCOUNTED USING THE EQUITY METHOD

	31 December 2020	31 December 2019
DowAksa	388,529	302,846
Akcez	325,525	200,219
Akmerkez	199,792	204,822
WMG London	34,485	27,813
Akenerji (*)	-	-
<b>Total</b>	<b>948,331</b>	<b>735,700</b>

(\*) The Group has not recognised the Group's share in cumulative loss of Akenerji amounting to TRY809,579 in the financials statements as of 31 December 2020 (31 December 2019: TRY609,489). The Group is in the opinion that that unrecognised period losses will not constitute further liabilities.

Movements of investments accounted using the equity method during the years ended 31 December 2020 and 2019 is as follows:

	2020	2019
<b>1 January</b>	<b>735,700</b>	<b>510,500</b>
Share of net profit for the period	107,481	55,330
Dividends received	(8,576)	(11,885)
Share of other comprehensive income	85,264	34,685
Participation to capital increase	35,450	147,070
Effect of change in share rate	(6,988)	-
<b>31 December</b>	<b>948,331</b>	<b>735,700</b>

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**NOTE 7 - INVESTMENTS ACCOUNTED USING THE EQUITY METHOD (Continued)**

Financial information for the investments accounted using the equity method at 31 December 2020 and 2019 are as follows:

<b>31 December 2020</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Revenue</b>	<b>Net profit/(loss) for the period</b>
Akenerji (*)	2,561,844	6,622,199	2,187,509	(978,259)
Akcez	3,497,042	2,959,314	5,747,975	92,113
DowAksa	2,138,008	1,360,950	585,566	15,016
Akmerkez	1,603,386	25,612	87,418	83,286
WMG London	127,438	60,676	-	(3,056)

  

<b>31 December 2019</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Revenue</b>	<b>Net profit/(loss) for the period</b>
Akenerji (*)	2,920,925	5,595,102	1,823,209	(587,893)
Akcez	3,150,658	2,863,548	4,093,691	1,590
DowAksa	1,802,559	1,196,867	370,081	(37,972)
Akmerkez	1,569,725	9,177	117,659	572,043
WMG London	87,800	32,948	-	(3,003)

(\*) Total assets and liabilities in the consolidated financial statements where the Akenerji's property, plant and equipment are accounted for at fair value are TRY6,734,537 and TRY6,863,149 respectively (31 December 2019: TRY6,874,073 and TRY5,912,906).

As of 31 December 2020 and 2019, market capitalization of the Group's investments accounted for using the equity method are presented below:

<b>31 December 2020</b>	<b>Total market capitalization</b>	<b>Group's share</b>
Akenerji	1,655,202	338,158
Akmerkez GYO	2,450,108	310,184
<b>Total</b>	<b>4,105,310</b>	<b>648,341</b>

  

<b>31 December 2019</b>	<b>Total market capitalization</b>	<b>Group's share</b>
Akenerji	831,247	169,824
Akmerkez GYO	887,628	116,657
<b>Total</b>	<b>1,718,875</b>	<b>286,481</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### NOTE 8 - RELATED PARTY DISCLOSURES

#### a) Trade receivables from related parties

The details of trade receivables from related parties as at 31 December 2020 and 2019 is as follows:

	31 December 2020	31 December 2019
DowAksa (*)	47,862	60,373
Akenerji (*)	14,228	25,868
Akcez (*)	6,296	6,310
Other	6,688	4,619
<b>Total</b>	<b>75,074</b>	<b>97,170</b>

#### b) Other receivables from related parties

The details of other receivables from related parties as at 31 December 2020 and 2019 is as follows:

	31 December 2020	31 December 2019
Akmerkez GYO (**)	2,218	-
DowAksa (*)	-	13,843
Akcez (*)	-	1,449
Diğer	482	-
<b>Total</b>	<b>2,700</b>	<b>15,292</b>

#### c) Non-current other receivables from related parties

	31 December 2020	31 December 2019
Akiş Mudanya Adi Ortaklığı (***)	15,103	12,632
<b>Total</b>	<b>15,103</b>	<b>12,632</b>

#### d) Short-term trade payables due to related parties

	31 December 2020	31 December 2019
DowAksa (*)	69,940	53,121
Yalkim OSB	5,856	3,399
Akcez (*)	2,063	3,023
Akgirişim	-	1,013
Other	4,424	2,289
<b>Total</b>	<b>82,283</b>	<b>62,845</b>

(\*) Joint ventures

(\*\*) Associates

(\*\*\*) Long-term receivable from Akiş-Mudanya Adi Ortaklığı ("Adi Ortaklık") is related to receivables that resulted from payments made to Adi Ortaklık regarding agreements of the construction in return for flat.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### NOTE 8 - RELATED PARTY DISCLOSURES (Continued)

#### e) Short-term other payables due to related parties

	31 December 2020	31 December 2019
A.R.D Holding A.Ş.	2,765	-
Atlantik Holding A.Ş.	2,695	-
Emniyet Ticaret A.Ş.	1,786	-
Other	1,316	-
<b>Total (*)</b>	<b>8,562</b>	<b>-</b>

#### f) Sales to related parties

	1 January - 31 December 2020	1 January - 31 December 2019
DowAksa (**)	94,844	98,210
Akcez (**)	40,647	32,034
Akenerji (**)	22,855	23,653
Akgirişim	3,632	939
Other	6,794	15,916
<b>Total</b>	<b>168,773</b>	<b>170,752</b>

#### g) Service and product purchases from related parties

	1 January - 31 December 2020	1 January - 31 December 2019
Yalkim OSB (***)	53,150	34,826
Akgirişim	36,949	29,613
Akcez (**)	28,112	32,611
Akhan (****)	6,584	5,134
Other	6,764	12,447
<b>Total</b>	<b>131,560</b>	<b>114,631</b>

Purchases from related parties consist of energy, chemical products, services, consultancy and rent expenses.

(\*) As of 31 December 2020, other payables to related parties consist of dividend payables to be paid to shareholders.

(\*\*) Joint ventures.

(\*\*\*) The usage rights cost of joint treatment plant within Yalkim Organized Industrial Zone.

(\*\*\*\*) Financial investments not included in the scope of consolidation.



## AKKÖK HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 8 - RELATED PARTY DISCLOSURES (Continued)

##### h) Interest income from related parties

	1 January - 31 December 2020	1 January - 31 December 2019
Akış Mudanya Adi Ortaklığı	1,796	2,567
<b>Toplam</b>	<b>1,796</b>	<b>2,567</b>

##### i) Key management compensation

The Group has determined the key management personnel as the members of the board of directors and executive committee members,

	1 January - 31 December 2020	1 January - 31 December 2019
Key management compensation	20,768	19,776
<b>Total</b>	<b>20,768</b>	<b>19,776</b>

##### j) Commitments given to related parties

The long term loan amounting to USD325,000 granted to Akcez and its subsidiaries, Sedaş and Sepaş as borrowers, by the International Finance Corporation ("IFC"), European Bank for Reconstruction and Development ("EBRD") and Unicredit Bank AG ("UCB") was refinanced on the basis of the negotiations with the same Bank Group as of 20 May 2016. As of the date of the refinancing of the loan, the balance is USD220,675 and Akcez's shareholders Akkök Holding Anonim Şirketi And Cez Anonim Şirketi have become guarantors of the loans (each responsible individually and with a maximum balance equal to half of the loan). Loan repayments are made by Akcez and the balance of the loan is USD146,526 as of 31 December 2020.

Akcez's shareholders Akkök Holding Anonim Şirketi and Cez Anonim Şirketi have become guarantors solely (each responsible individually and with a maximum amount equal to half of the loan) with respect to long term loans amounting to USD52,163 and TRY149,628 obtained by Akcez's subsidiary, Sedaş as borrower, from the International Finance Corporation ("IFC"), European Bank for Reconstruction and Development ("EBRD") and Unicredit Bank AG ("UCB") as part of the refinancing agreement dated 20 May 2016. Loan repayments are made by Sedaş. As of 31 December 2020, the remaining balance of the loan is USD44,239 and TRY126,902.

**AKKÖK HOLDİNG ANONİM ŞİRKETİ****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 9 - TRADE RECEIVABLES AND PAYABLES****a) Trade receivables from third parties**

	<b>31 December 2020</b>	<b>31 December 2019</b>
Trade receivables	1,311,446	943,047
Cheques and notes receivable	430,172	419,639
Less: provision for doubtful receivables	(72,701)	(98,412)
Less: unearned credit finance income	(3,242)	(4,919)
<b>Subtotal</b>	<b>1,665,675</b>	<b>1,259,355</b>
Trade receivables from related parties (Note 8)	75,074	97,170
<b>Total</b>	<b>1,740,749</b>	<b>1,356,525</b>

Maturity of trade receivables of the Group is generally less than three months (2019: less than three months). The past experience of the Group in collecting receivables has been taken into consideration when determining the provision amount for doubtful receivables. Therefore, the Group believes that, there is no additional collection risk for trade receivables is necessary other than the provision provided.

**b) Long-term trade receivables**

	<b>31 December 2020</b>	<b>31 December 2019</b>
Customers	123,430	84,814
Notes receivables and cheques	57,102	49,592
Less: provision for doubtful receivables	(77,440)	-
Less: unearned financial income	(1,455)	(3,836)
<b>Total</b>	<b>101,637</b>	<b>130,570</b>

Movements of provision for doubtful trade receivables for the years ended 31 December 2020 and 2019 are as follows:

	<b>2020</b>	<b>2019</b>
<b>1 January</b>	<b>98,412</b>	<b>72,786</b>
Collections and reversal of provisions	(19,341)	(2,278)
Allowance for the period	69,671	27,904
Translation differences	1,399	-
<b>31 December</b>	<b>150,141</b>	<b>98,412</b>

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**NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)****c) Short-term trade payables**

	<b>31 December 2020</b>	<b>31 December 2019</b>
Suppliers	1,120,750	1,243,682
Less: unincurred financial expenses (-)	(2,827)	(2,657)
<b>Subtotal</b>	<b>1,117,923</b>	<b>1,241,025</b>
Trade payables to related parties (Note 8)	82,283	62,845
<b>Total</b>	<b>1,200,206</b>	<b>1,303,870</b>

**h) Long-term trade payables**

	<b>31 December 2020</b>	<b>31 December 2019</b>
Suppliers	4,739	3,125
<b>Total</b>	<b>4,739</b>	<b>3,125</b>

**NOTE 10 - INVENTORIES**

	<b>31 December 2020</b>	<b>31 December 2019</b>
Raw materials	538,661	568,804
Complete and incomplete residence	511,279	498,529
Finished goods	245,703	281,016
Other inventories and spare parts	76,319	68,168
Semi-finished goods	54,824	53,059
Goods in transit	24,234	-
Trade goods	12,479	8,883
Less: provision for impairment in inventories (*)	(49,163)	(54,647)
<b>Total</b>	<b>1,414,336</b>	<b>1,423,812</b>

(\*) The inventory value of TRY45,248 the cost of Çiftehavuzlar land as of 31 December 2020 amounting to TRY82,317 is the amount of impairment resulting from the redemption of land to the purchase price of TRY37,069 (31 December 2019: TRY37,069).

	<b>2020</b>	<b>2019</b>
<b>1 January</b>	<b>54,647</b>	<b>51,820</b>
Allowances utilized	(6,928)	(8,913)
Charge for the period	1,444	11,740
<b>31 December</b>	<b>49,163</b>	<b>54,647</b>

**AKKÖK HOLDİNG ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME**

	31 December 2020	31 December 2019
<b>Current prepaid expenses:</b>		
Advances given	47,765	41,155
Prepaid expenses	25,245	25,971
<b>Total</b>	<b>73,010</b>	<b>67,126</b>
<b>Non-current prepaid expenses:</b>		
Advances given	49,908	40,948
Prepaid expenses	20,667	7,674
<b>Total</b>	<b>70,575</b>	<b>48,622</b>
	31 December 2020	31 December 2019
<b>Short-term deferred income:</b>		
Advances received	196,755	86,578
Deferred income	50,241	50,916
<b>Total</b>	<b>246,996</b>	<b>137,494</b>
<b>Long-term deferred income:</b>		
Advances received	2,925	454
Deferred income for the year	-	5,029
<b>Total</b>	<b>2,925</b>	<b>5,483</b>

**NOTE 12 - INVESTMENT PROPERTIES**

	1 January 2020	Additions	Disposals	Transfers	Currency translation differences	Decrease in fair value	31 December 2020
Land and buildings	5,550,758	98,914	(4,266)	(90,391)	484	(111,108)	5,444,391
<b>Net book value</b>	<b>5,550,758</b>	<b>98,914</b>	<b>(4,266)</b>	<b>(90,391)</b>	<b>484</b>	<b>(111,108)</b>	<b>5,444,391</b>
	1 January 2019	Additions	Disposals	Transfers	Currency translation differences	Increase in fair value	31 December 2019
Land and buildings	4,933,985	2,934	(6,815)	42,039	430	578,185	5,550,758
<b>Net book value</b>	<b>4,933,985</b>	<b>2,934</b>	<b>(6,815)</b>	<b>42,039</b>	<b>430</b>	<b>578,185</b>	<b>5,550,758</b>

**AKKÖK HOLDİNG ANONİM ŞİRKETİ****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 12 - INVESTMENT PROPERTIES (Continued)**

	Used Method	Level	31 December 2020	31 December 2019
Akasya Shopping Mall	Discounted cash flow method	2	3,504,970	3,650,000
Akbatı Shopping Mall	Discounted cash flow method	2	1,450,728	1,465,000
Uşaklıgil Project	Discounted cash flow method	2	253,945	228,369
Yalova-Çiftlikköy land and buildings	Pretend comparison method	2	100,060	85,325
Akhan	Pretend comparison method	2	37,700	35,470
Social facility	Pretend comparison method	2	24,000	21,850
Other	Pretend comparison method	2	72,988	64,744
<b>Total</b>			<b>5,444,391</b>	<b>5,550,758</b>

Fair value of the Group’s investment properties, as of 31 December 2020, were estimated by an independent valuation company as TRY5,444,391 (2019: TRY5,550,758). Total fair value determined is classified as Level 2.

There are amounting to TRY2,457,987 mortgage on investment properties of the Group as of 31 December 2020 (2019: TRY3,522,575).

As of 31 December 2020 there is TRY4,164,387 insurance guarantee on investment properties (2019: TRY4,261,659).

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOT 13 - PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment and related accumulated depreciation for the period ended 31 December 2020 are as follows:

	1 January 2020	Additions	Disposals	Transfers (*)	Currency translation differences	31 December 2020
<b>Cost</b>						
Land and land improvements	294,102	100	(2,123)	26,777	429	319,285
Buildings	369,721	1,570	(4,563)	2,367	5,352	374,447
Machinery and equipment	2,350,784	6,662	(45,482)	229,445	7,742	2,549,151
Motor vehicles	88,652	540	(391)	(66,895)	187	22,093
Furniture and fixtures	146,477	11,413	(6,391)	581	607	152,687
Leasehold improvements	16,422	858	(331)	(3,276)	-	13,673
Construction in progress (**)	216,166	453,630	-	(273,865)	-	395,931
<b>Total</b>	<b>3,482,324</b>	<b>474,773</b>	<b>(59,281)</b>	<b>(84,866)</b>	<b>14,317</b>	<b>3,827,267</b>
<b>Accumulated depreciation</b>						
Land and land improvements	72,201	6,357	(363)	(46)	-	78,149
Buildings	93,941	9,521	(1,208)	-	948	103,202
Machinery and equipment	1,192,486	155,093	(40,364)	(89)	5,505	1,312,631
Motor vehicles	21,166	283	(343)	-	145	21,251
Furniture and fixtures	97,839	12,338	(5,849)	(729)	637	104,236
Leasehold improvements	10,714	710	(296)	(3,145)	-	7,983
<b>Total</b>	<b>1,488,347</b>	<b>184,302</b>	<b>(48,423)</b>	<b>(4,009)</b>	<b>7,235</b>	<b>1,627,452</b>
<b>Net book value</b>	<b>1,993,977</b>					<b>2,199,815</b>

(\*) Amount of TRY13,739 is transferred to intangible assets and amount of TRY67,118 is transferred to assets held for sale.

(\*\*) Construction in progress is mainly comprised of modernization of production facilities and construction of reverse osmosis facility of Akşa, and investments with respect to ultra filtration and Yalova persulfates facilities of Ak-Kim.

The breakdown of depreciation expense for the years ended 31 December 2020 and 2019 is disclosed in Note 28.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOT 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movements of property, plant and equipment and related accumulated depreciation for the period ended 31 December 2019 are as follows:

	1 January 2019	Additions	Disposals	Transfers (*)	Currency translation differences	31 December 2019
<b>Cost</b>						
Land and land improvements	281,099	556	(513)	12,620	340	294,102
Buildings	357,163	336	(598)	10,662	2,158	369,721
Machinery and equipment	2,215,626	12,782	(15,651)	134,448	3,579	2,350,784
Motor vehicles	86,022	4,556	(2,205)	-	279	88,652
Furniture and fixtures	136,671	7,645	(2,008)	4,019	150	146,477
Leasehold improvements	16,154	268	-	-	-	16,422
Construction in progress (**)	111,840	277,621	-	(173,295)	-	216,166
<b>Total</b>	<b>3,204,575</b>	<b>303,764</b>	<b>(20,975)</b>	<b>(11,546)</b>	<b>6,506</b>	<b>3,482,324</b>
<b>Accumulated depreciation</b>						
Land and land improvements	66,943	5,296	(38)	-	-	72,201
Buildings	84,645	9,233	(582)	-	645	93,941
Machinery and equipment	1,068,676	136,179	(15,346)	-	2,977	1,192,486
Motor vehicles	22,332	456	(1,780)	-	158	21,166
Furniture and fixtures	87,458	11,904	(1,643)	-	120	97,839
Leasehold improvements	10,803	906	(995)	-	-	10,714
<b>Total</b>	<b>1,340,857</b>	<b>163,974</b>	<b>(20,384)</b>	<b>-</b>	<b>3,900</b>	<b>1,488,347</b>
<b>Net book value</b>	<b>1,863,718</b>					<b>1,993,977</b>

(\*) Amount of TRY11,546 is transferred to intangible assets.

(\*\*) Construction in progress is mainly comprised of modernization of production facilities and construction of reverse osmosis facility of Aksa, and investments with respect to ultra filtration and Yalova persulfates facilities of Ak-Kim.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 14 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated depreciation for the period ended 31 December 2020 and 2019 are as follows:

	1 January 2020	Additions	Disposals	Transfers	Currency translation differences	31 December 2020
<b>Cost</b>						
Rights	133,314	10,796	(4,200)	2,119	3,529	145,558
Development costs	61,393	9,807	-	11,577	-	82,777
Other	18,907	303	-	41	-	19,251
Customer list	141,212	-	-	(377)	10,303	151,138
<b>Total</b>	<b>354,826</b>	<b>20,906</b>	<b>(4,200)</b>	<b>13,360</b>	<b>13,832</b>	<b>398,724</b>
<b>Accumulated amortisation</b>						
Rights	34,184	8,533	(691)	-	1,295	43,321
Development costs	22,224	6,266	-	-	-	28,490
Other	12,493	2,146	-	-	-	14,639
Customer list	65,719	15,735	-	(312)	4,824	85,966
<b>Total</b>	<b>134,620</b>	<b>32,680</b>	<b>(691)</b>	<b>(312)</b>	<b>6,119</b>	<b>172,416</b>
<b>Net Book Value</b>	<b>220,206</b>					<b>226,308</b>
	1 January 2019	Additions	Disposals	Transfers	Currency translation differences	31 December 2019
<b>Cost</b>						
Rights	119,997	10,778	(332)	1,815	1,056	133,314
Development costs	46,470	5,870	-	9,053	-	61,393
Other	15,891	2,344	(285)	678	279	18,907
Customer list	138,423	-	-	-	2,789	141,212
<b>Toplam</b>	<b>320,781</b>	<b>18,992</b>	<b>(617)</b>	<b>11,546</b>	<b>4,124</b>	<b>354,826</b>
<b>Accumulated amortisation</b>						
Rights	27,023	6,671	(332)	-	822	34,184
Development costs	18,114	4,110	-	-	-	22,224
Other	11,074	1,485	(285)	-	219	12,493
Customer list	48,860	14,652	-	-	2,207	65,719
<b>Toplam</b>	<b>105,071</b>	<b>26,918</b>	<b>(617)</b>	<b>-</b>	<b>3,248</b>	<b>134,620</b>
<b>Net Book Value</b>	<b>215,710</b>					<b>220,206</b>



# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 15 – RIGHT OF USE ASSETS

The movements of right of use assets and related accumulated depreciation for the period ended 31 December 2020 and 2019 are as follows:

	1 January 2020	Additions	Disposals	Transfers	Rental condition changes	31 December 2020
<b>Cost</b>						
Vehicles	26,137	40,641	(3,873)	(195)	33	62,743
Site rent	10,611	1,222	(288)	-	1,383	12,928
Buildings	20,107	6,022	(3,480)	(81)	115	22,683
	<b>56,855</b>	<b>47,885</b>	<b>(7,641)</b>	<b>(276)</b>	<b>1,531</b>	<b>98,354</b>
<b>Accumulated depreciation</b>						
Vehicles	9,053	14,224	(3,848)	(116)	9	19,322
Site rent	961	639	(288)	-	-	1,312
Buildings	4,422	4,982	(856)	(77)	-	8,471
	<b>14,436</b>	<b>19,845</b>	<b>(4,992)</b>	<b>(193)</b>	<b>9</b>	<b>29,105</b>
<b>Net book value</b>	<b>42,419</b>					<b>69,249</b>
	1 January 2019	Additions	Disposals	Transfers	Rental condition changes	31 December 2019
<b>Cost</b>						
Vehicles	9,393	14,189	(206)	-	2,761	26,137
Site rent	930	134	-	-	9,547	10,611
Buildings	18,481	49	-	-	1,577	20,107
	<b>28,804</b>	<b>14,372</b>	<b>(206)</b>	<b>-</b>	<b>13,885</b>	<b>56,855</b>
<b>Accumulated depreciation</b>						
Vehicles	-	9,115	(62)	-	-	9,053
Site rent	-	961	-	-	-	961
Buildings	-	4,422	-	-	-	4,422
	<b>-</b>	<b>14,498</b>	<b>(62)</b>	<b>-</b>	<b>-</b>	<b>14,436</b>
<b>Net book value</b>	<b>28,804</b>					<b>42,419</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 16 - GOODWILL

The details of goodwill as of 31 December 2020 and 2019 is as follows:

<b>31 December 2020</b>	<b>Akcoat</b>	<b>Dinox</b>	<b>Other</b>	<b>Total</b>
Purchase consideration				
settled in cash	212,458	13,992	48,968	275,418
Contingent consideration (*)	9,436	-	5,516	14,952
Net liabilities/(assets) acquired	(171,185)	(11,150)	(53,807)	(236,142)
Currency translation differences	-	3,762	210	3,972
<b>Goodwill</b>	<b>50,709</b>	<b>6,604</b>	<b>887</b>	<b>58,200</b>
<b>31 December 2019</b>	<b>Akcoat</b>	<b>Dinox</b>	<b>Other</b>	<b>Total</b>
Purchase consideration				
settled in cash	212,458	13,992	48,968	275,418
Contingent consideration (*)	9,436	-	5,516	14,952
Net liabilities/(assets) acquired	(171,185)	(11,150)	(53,019)	(235,354)
Currency translation differences	-	2,034	163	2,197
<b>Goodwill</b>	<b>50,709</b>	<b>4,876</b>	<b>1,628</b>	<b>57,213</b>

(\*) Contingent consideration has been remeasured as of balance sheet date of these consolidated financial statements.

The movements of goodwill for the periods ended 31 December 2020 and 2019 are as follows:

	<b>Akcoat</b>	<b>Dinox</b>	<b>Other</b>	<b>Total</b>
<b>1 January 2020</b>	<b>50,709</b>	<b>4,876</b>	<b>1,628</b>	<b>57,213</b>
Currency translation differences	-	1,728	47	1,775
Net liabilities/(assets) acquired	-	-	(788)	(788)
<b>31 December 2020</b>	<b>50,709</b>	<b>6,604</b>	<b>887</b>	<b>58,200</b>
	<b>Akcoat</b>	<b>Dinox</b>	<b>Other</b>	<b>Total</b>
<b>1 January 2019</b>	<b>50,709</b>	<b>4,420</b>	<b>1,616</b>	<b>56,745</b>
Currency translation differences	-	456	12	468
<b>31 December 2019</b>	<b>50,709</b>	<b>4,876</b>	<b>1,628</b>	<b>57,213</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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### NOTE 16 – GOODWILL (Continued)

#### Impairment test for goodwill:

On 5 January 2015, the Ak-Kim, a subsidiary of the Group, acquired 100% shares of Akcoat. On 22 May 2015, the Akiş, a subsidiary of the Group, acquired 100% shares of Karltepe. Ak-Kim, a subsidiary of the Group, acquired a 100% share of Dincox on 15 February 2017 for a consideration of EUR3,750. On 3 November 2018 the remaining 50% shares of Akferal was acquired by Ak-Kim from the FERALCO AB by for a consideration of TRY9,000. Akcoat, a subsidiary of the Group, acquired 100% shares of Akcoat Spain on 22 November 2017 for a consideration of EUR7,002. The difference between the total purchase price, fair value of acquired net assets and resulting goodwill in the consolidated financial statements.

The Group tests whether goodwill has suffered any impairment on an annual basis. The Group, considers the carrying value of its investment in Akcoat, Dincox, and Akcoat Spain for possible impairment in every reporting period. The impairment analysis cannot be performed by considering market data since related financial asset has not active market and the Company management has to make significant estimations.

#### *Akcoat;*

On 5 January 2015, the Group acquired 100% shares of Akcoat. Akcoat is a producer of performance coatings and pigments. The products are being used for the decorative and protective purpose in coating of the materials such as metal sheet, stainless steel, aluminium, cast iron, ceramic tile, sanitary ware, porcelain, medical porcelain and glass. Additionally, these materials are being colorized by inorganic pigments which are also manufactured by Akcoat. The acquisition transaction is accounted in the consolidated financial statements of Ak-Kim by the acquisition method in accordance with IFRS 3 "Business Combinations". As a result of the related accounting, a goodwill amounting to TRY50,709 is accounted in the consolidated financial statements.

The impairment test is based on a 5-year USD based projection between 1 January 2021 and 31 December 2025 which is approved by Akcoat management. In order to predict the future cash flows, a constant growth rate of 2.00%, not exceeding the estimated average growth rate of the country's economy, has been used. Weighted cost of capital rate of 9.25% is used as after-tax discount rate in order to calculate the recoverable amount of the unit. No impairment has been determined as a result of the analyses carried out by the Group as of 31 December 2020.

#### *Dincox;*

Ak-Kim, a subsidiary of the Group, acquired a 100% share of Dincox Handels GmbH ("Dincox") on 15 February 2017 for a consideration of EUR 3,750,000. Dincox mainly sells chemical products produced by Ak-Kim in Europe. The aim of the acquisition of Ak-Kim's subsidiary, Dincox, is to provide more effective sales organization in Europe and increase market share of chemical products manufactured by Ak-Kim, a subsidiary of the Group. The acquisition transaction is accounted in the consolidated financial statements of Ak-Kim by the acquisition method in accordance with IFRS 3 Business Combinations Standard. As a result of related accounting, goodwill has been accounted amounting to TRY6,604 in the consolidated financial statements of Ak-Kim.

The impairment test is based on a 5-year EUR based projection between 1 January 2021 and 31 December 2025 which is approved by Dincox management. In order to predict the future cash flows, a constant growth rate of 0%, not exceeding the estimated average growth rate of the country's economy, has been used. Weighted cost of capital rate of 11.8% is used as after-tax discount rate in order to calculate the recoverable amount of the unit. No impairment has been determined as a result of the analyses carried out by the Group as of 31 December 2020.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

#### Short term provisions:

	31 December 2020	31 December 2019
Provisions for debts and expenses	19,672	11,362
Provision for lawsuit	1,767	2,582
<b>Total</b>	<b>21,439</b>	<b>13,944</b>

#### Contingent assets and liabilities:

##### a) *Guarantees received*

Mortgages, guarantee notes and cheques, letters of guarantee and other commitments received for short-term trade receivables are as follows:

	31 December 2020	31 December 2019
Insurances on receivable	1,219,680	958,091
Received mortgages	229,989	214,923
Received letters of guarantee	169,257	121,059
Confirmed/nonconfirmed letter of credit	89,989	25,597
Received notes, quarantine and cheques	87,383	126,092
Share pledges	44,605	118,804
Limits from direct debit systems	14,360	14,599
<b>Total</b>	<b>1,855,263</b>	<b>1,579,165</b>

##### b) *Guarantees given*

Letters of guarantee, mortgages and letters of credit given by the Group are below:

	31 December 2020	31 December 2019
Mortgages given	2,700,148	3,522,575
Letters of credit given	886,848	633,304
Letters of guarantee given	970,228	735,530
<b>Total</b>	<b>4,557,224</b>	<b>4,891,409</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

#### c) *Lawsuits from shareholders:*

Following Akkök extraordinary general assembly meeting dated 31 October 2013 and ordinary general assembly meeting related to the year ended 2013 dated 22 April 2014 (delayed to and completed on 23 May 2014) certain shareholders began to file numerous lawsuits against the Group.

The lawsuit filed for the annulment of Akkök’s Extraordinary General Assembly Meeting dated 31 October 2013, was accepted by the Court of First Instance on 21 October 2015 and as the parties did not appeal to the higher court, became final on 21 November 2015.

Concerning the lawsuits filed for the annulment of Akkök’s extraordinary general assembly meetings dated 23 December 2015 and 14 January 2016 and for annulment of Akkök’s Board of Directors decision no 4 dated 24 February 2016 regarding the exercise of the shareholder’s rights to pay 50% of their share capital commitment, the Court, with an interim decision dated 28 March 2016 rejected the claimants’ application for a temporary injunction. In the last hearing on 24 May 2018, the Court, by decisions subject to appeal, dismissed the cases. The applicant has appealed against the aforementioned decisions by the claimant and in the consolidated financial statements no provisions were recognized related to this claim as of 31 December 2020.

### NOTE 18 - EMPLOYEE BENEFITS

#### Provisions for employment benefits

	31 December 2020	31 December 2019
<b>Short term:</b>		
Provision for bonuses	56,347	28,798
Unused vacation provision	8,834	6,351
<b>Total</b>	<b>65,181</b>	<b>35,149</b>
<b>Long term:</b>		
Provision for employment termination benefits	68,147	54,276
Provision for seniority incentive plan	2,443	2,316
<b>Total</b>	<b>70,590</b>	<b>56,592</b>

Movements in the short-term provisions for employment termination benefits for the years ended 31 December 2020 and 2019 are as follows:

Provision for bonuses	2020	2019
<b>1 January</b>	<b>28,798</b>	<b>20,966</b>
Current period charges	56,281	28,798
Bonus premiums paid	(28,732)	(20,966)
<b>31 December</b>	<b>56,347</b>	<b>28,798</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 18 - EMPLOYEE BENEFITS (Continued)

	2020	2019
<b>Proovision for unused vacation</b>		
<b>1 January</b>	<b>6,351</b>	<b>5,343</b>
Charge for the year	2,881	1,008
Transfers related to assets held for sale	(398)	-
<b>31 December</b>	<b>8,834</b>	<b>6,351</b>

Under Turkish labor law, the Company is officially required to pay the severance pay to each employee whose employment contract has expired. Also, the Company is required to pay the severance payment to employees who has the right to leave the Company by receiving severance pays according to the 2422 numbered, 6 March 1981 dated and 4447 numbered, 25 August 1999 dated Law no.506 on Social Insurance Law’s 60th clause which is still effective.

The liability is not funded as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees.

IAS 19 “Employee Benefits” require actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans. Accordingly, the following actuarial assumptions have been used in the calculation of the total liability:

	2020	2019
Discount rate (%)	4.70	4.96
Probability of retirement (%)	86.12 – 98.27	84.13 – 98.25

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of full TRY7,638.96 effective from 1 January 2021 (1 January 2020: full TRY6,730.15) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

Movements in the provisions for employment termination benefits and seniority incentive bonus for the years ended 31 December 2020 and 2019 are as follows:

	2020	2019
<b>1 January</b>	<b>56,592</b>	<b>42,107</b>
Compensation paid	(4,151)	(8,250)
Service cost	6,423	6,664
Interest cost	4,664	4,167
Actuarial gain	7,353	11,904
Transfers related to assets held for sale	(291)	-
<b>31 December</b>	<b>70,590</b>	<b>56,592</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 19 - OTHER ASSETS AND LIABILITIES

	31 December 2020	31 December 2019
<b>Other current assets:</b>		
VAT receivable	154,472	157,541
Income accruals	7,330	1,594
Other	2,643	2,746
<b>Total</b>	<b>164,445</b>	<b>161,881</b>
<b>Other non-current assets:</b>		
VAT receivable	2,488	6,933
Other	662	655
<b>Total</b>	<b>3,150</b>	<b>7,588</b>
	31 December 2020	31 December 2019
<b>Other current liabilities:</b>		
Taxes and fund payables	463	7,051
Expense accruals	56	3,527
Other	-	76
<b>Total</b>	<b>519</b>	<b>10,654</b>
<b>Other non-current liabilities:</b>		
Deposits and guarantees received	18,034	13,319
<b>Total</b>	<b>18,034</b>	<b>13,319</b>

### NOTE 20 – ASSETS HELD FOR SALE

	31 Aralık 2020	31 Aralık 2019
Land and plots (*)	93,214	1,431
Ak Havacılık (**)	77,573	-
<b>Total</b>	<b>170,787</b>	<b>1,431</b>

(\*) Consisting of land and plots registered in Merkez Efendi Mahallesi 2953 island 25 parcel, Zeytinburnu, Istanbul. The related asset is held for sale. According to the valuation report dated 31 December 2020, the fair value is TRY94,100.

(\*\*) At the Board of Directors Meeting of Akkök Holding A.Ş., held on 24 December 2020, it was resolved to sale all of the shares corresponding to 100% of Ak Havacılık’s capital. The share transfer is expected to be completed in 2021.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 21 – BORROWINGS

	31 December 2020	31 December 2019
Short-term bank borrowings	1,653,067	2,176,602
Short-term factoring and leasing liabilities	-	19,226
Other financial liabilities	384	-
<b>Subtotal</b>	<b>1,653,451</b>	<b>2,195,828</b>
Short term portion of long-term bank borrowings	656,671	798,402
Issued bonds	54,696	-
Lease liabilities	20,566	11,951
<b>Total short term financial liabilities</b>	<b>2,385,384</b>	<b>3,006,181</b>
Long-term bank borrowings	3,770,543	2,179,393
Lease liabilities	58,559	33,830
Issued bonds	-	73,818
<b>Total long term financial liabilities</b>	<b>3,829,102</b>	<b>2,287,041</b>

The details of borrowings of the Group are as follows:

	31 December 2020		31 December 2019	
	Annual weighted average interest rate %	TRY equivalent	Annual weighted average interest rate %	TRY equivalent
<b>Short-term bank borrowings:</b>				
USD loans	2.30 - 3.11	641,215	2.86 - 4.77	1,599,301
EUR loans	0.5 - 3.94	27,890	0.66	325,759
TRY loans	2.00 - 13.21	983,964	11.26 - 25.69	251,542
Other financial liabilities	-	384	-	-
<b>Total</b>		<b>1,653,451</b>		<b>2,176,602</b>
<b>Short-term factoring payables:</b>				
USD factoring payables	-	-	-	19,226
<b>Total</b>		<b>-</b>		<b>19,226</b>



# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 21 – BORROWINGS (Continued)

The details of borrowings of the Group are as follows (Continued):

	31 December 2020		31 December 2019	
	Annual weighted average interest rate %	TRY equivalent	Annual weighted average interest rate %	TRY equivalent
<b>Short term portion of long-term bank borrowings:</b>				
USD loans	3.27 - 5.51	349,139	4.08 - 6.27	434,709
EUR loans	0.5 - 4.60	151,329	2.8 - 4.6	284,490
TRY loans	2.12 - 13.11	109,706	15.5	79,203
Issued bonds	-	101,193	-	-
Lease liabilities	-	20,566	-	11,951
<b>Total</b>		<b>731,933</b>		<b>810,353</b>
<b>Long-term bank borrowings:</b>				
USD loans	1.45 - 5.36	2,914,264	6.45	1,420,445
EUR loans	0.5 - 4.60	662,246	4.60	669,493
TRY loans	2.00 - 13.4	194,033	15.50	89,455
Issued bonds	-	-	-	73,818
Lease liabilities	-	58,559	-	33,830
<b>Total</b>		<b>3,829,102</b>		<b>2,287,041</b>

The movement table of financial borrowings for the years ended 31 December 2020 and 2019 are as follows:

	2020	2019
<b>1 January</b>	<b>5,293,222</b>	<b>4,996,315</b>
Cash inflow from new borrowings obtained	5,049,338	3,678,541
Cash outflows from redemption of borrowings	(5,276,111)	(4,059,586)
Change in interest accrual	224,717	195,642
Exchange rates differences	888,426	436,532
Lease liabilities	35,000	45,778
Transfers related to assets held for sale	(106)	-
<b>31 December</b>	<b>6,214,486</b>	<b>5,293,222</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 21 - BORROWINGS (Continued)

The book value and fair value of the borrowings as of 31 December 2020 and 2019 is as follows:

	31 December 2020		31 December 2019	
	Fair Value	Book Value (*)	Fair Value	Book Value (*)
USD loans	3,854,047	3,904,618	3,541,128	3,473,760
EUR loans	977,833	841,466	1,201,113	1,157,796
TRY loans	1,478,771	1,389,277	898,117	615,885
<b>Total</b>	<b>6,310,651</b>	<b>6,135,361</b>	<b>5,640,358</b>	<b>5,247,441</b>

(\*) The balance does not include the amounts of financial lease liabilities arising under IFRS 16.

The fair values of the borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy.

The repayment schedule of borrowings is as follows:

	31 December 2020	31 December 2019
To be paid within 1 year	2,385,384	3,006,181
To be paid between 1-2 year	1,948,972	825,030
To be paid between 2-3 year	499,174	763,078
To be paid between 3-4 year	471,900	259,840
To be paid after 4 years	909,056	439,093
<b>Total</b>	<b>6,214,486</b>	<b>5,293,222</b>

At 31 December 2020, bank borrowings with floating interest rates amounts to TRY1,475,445 (2019: TRY1,319,470). The floating interest rate bank borrowings denominated in USD, which represents a significant portion of total bank borrowings of the Group, have interest rates fluctuating between London Interbank Offered Rate (Libor) +3.10% and +3.25% and in EUR have interest rates fluctuating between London Interbank Offered Rate (Libor) +2.45% and +3.90% (2019: Libor+1.8% and +3.90%).

### NOTE 22 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2020		31 December 2019	
	Asset	Liabilities	Asset	Liabilities
Hedging instruments	5,977	119,196	18,958	76,158
Held for trading	20,166	17,384	7,765	447
<b>Toplam</b>	<b>26,143</b>	<b>136,580</b>	<b>26,723</b>	<b>76,605</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 22 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

#### Derivatives as hedging instruments:

	31 December 2020		31 December 2019	
	<u>Contract amount</u>	<u>Fair value liabilities</u>	<u>Contract amount</u>	<u>Fair value liabilities</u>
Interest rate swaps	704,112	(25,424)	319,638	(3,242)
Cross currency swaps	568,242	(69,857)	204,393	(12,138)
Forward	30,056	(17,938)	2,519,600	(41,820)
<b>Toplam</b>	<b>1,302,411</b>	<b>(113,219)</b>	<b>3,043,631</b>	<b>(57,200)</b>

Derivative financial instruments are initially recognized at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

The derivative instruments of the Group mainly consist of interest rate swap and forward foreign exchange purchase and sale transactions.

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives hedging derivative financial instruments in the consolidated financial statements. Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognized in equity as “hedging reserves” after tax effect.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, or when a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement. The realisation of promised or probable future transactions are recorded in the income statement, if not realised, accumulated gains or losses are recognised as income or loss in the consolidated financial statements.

At December 31 December 2020, the fixed interest rates vary from 0.325% to 1.13% for USD (2019: USD 1.13% to 1.35%) and the main floating rates are EURIBOR and LIBOR. Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 31 December 2020 will be continuously released to the income statement within finance cost until the repayment of the bank borrowings.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 23 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

#### Capital

At 31 December 2020 and 2019 the Group’s share capital and shareholding structure exceeding 1% were as follows:

	Share (%)	31 December 2020	Share (%)	31 December 2019
A.R.D Holding Anonim Şirketi	33	334,483	33	334,483
Atlantik Holding Anonim Şirketi	33	334,483	33	334,483
NDC Holding Anonim Şirketi	33	334,482	33	334,482
Other	1	2	1	2
<b>Nominal capital</b>	<b>100</b>	<b>1,003,450</b>	<b>100</b>	<b>1,003,450</b>
Adjustment to share capital	-	(10,406)	-	(10,406)
<b>Total</b>	<b>100</b>	<b>993,044</b>	<b>100</b>	<b>993,044</b>

The Group’s authorised share capital consists of 100,345,000,000 shares each with TRY0.01 value (2019: 100,345,000,000). There are no privileges given to shares of different groups and shareholders. As of balance sheet date, the paid-in capital is TRY1,003,450.

The share capital, which was increased from TRY13,098 to TRY863,378 with the decision taken at the extraordinary general meeting dated 23 December 2015, through the addition of the Company's whole internal resources to the capital (only from internal resources) pursuant to Article 462 of the Turkish Commercial Code (TCC) was increased to TRY1,003,450 taken at the extraordinary general assembly meeting held on 23 December 2015, Increased to TL 1,003,450 with the decision of capital increase taken at the extraordinary general meeting held on 14 January 2016. All of the guaranteed was paid in cash.

#### Retained Earnings and Legal Reserves

Legal reserves consist of first and second legal reserves, calculated in accordance with the Turkish Commercial Code. The first legal reserve is calculated as 5% of the financial statutory profits per annum until the total reserve reaches 20% of the historical paid-in share capital. In accordance with Turkish Commercial Code, restricted reserves not exceeding 50% of share capital can be offset against accumulated losses but cannot be distributed.

As of 31 December 2020 and 2019, retained earnings of Akkök its stand-alone with statutory financial statements are as follows:

	31 December 2020	31 December 2019
Legal reserves	34,318	28,179
Net profit for the period	190,112	120,983
Retained earnings	231,936	289,006
<b>Total</b>	<b>456,366</b>	<b>438,168</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 23 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

#### *Informations on subsidiaries with significant non-controlling interest*

Group subsidiaries with significant non-controlling interest are Akiş, Ak-Kim and Aksa, Summary of the financial information of these subsidiaries are stated below:

<b>31 December 2020</b>	<b>Ownership of non-controlling interest (%)</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Revenue</b>	<b>Net profit/loss for the year</b>
Akiş	85.34%	6,104,878	2,497,664	301,444	(458,444)
Ak-kim	58.00%	2,542,194	1,829,226	1,929,973	433,101
Aksa	59.61%	5,010,692	3,068,333	4,109,857	457,186
<b>Total</b>		<b>13,657,764</b>	<b>7,395,223</b>	<b>6,341,275</b>	<b>431,843</b>

<b>31 December 2019</b>	<b>Ownership of non-controlling interest (%)</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Revenue</b>	<b>Net profit/loss for the year</b>
Akiş	85.34%	6,298,886	2,278,434	437,161	549,043
Ak-kim	58.00%	1,916,973	1,492,165	1,549,938	170,408
Aksa	59.61%	4,255,366	2,661,188	3,645,899	283,039
<b>Total</b>		<b>12,471,225</b>	<b>6,431,787</b>	<b>5,632,998</b>	<b>1,002,490</b>

### NOTE 24 - REVENUE AND COST OF SALES

#### a) Revenue

	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
Local sales	4,286,434	3,619,154
Export sales	2,110,911	2,141,995
Less: sales returns (-)	(19,411)	(17,835)
Less: sales discounts (-)	(198,554)	(139,626)
<b>Revenue, net</b>	<b>6,179,380</b>	<b>5,603,688</b>

#### b) Cost of sales

	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
Raw materials	3,559,199	3,621,209
Personnel expenses	283,364	254,215
Depreciation and amortisation expenses	206,400	187,260
Shopping mall costs	53,576	61,297
Other	222,692	129,165
<b>Total</b>	<b>4,325,231</b>	<b>4,253,146</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 25 - GENERAL AND ADMINISTRATIVE EXPENSES

#### a) General administrative expenses

	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	114,591	87,157
Consultancy expenses	32,770	30,045
IT and communication expenses	15,525	11,014
Depreciation and amortization expenses	13,813	7,454
Other tax expenses	5,933	4,961
Office expenses	3,703	4,188
Donations and charities	3,254	1,032
Travelling expenses	2,949	4,465
Rent expenses	1,678	1,338
Other	13,888	4,694
<b>Total</b>	<b>208,104</b>	<b>156,348</b>

#### b) Marketing expenses

	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	41,162	34,861
Export expenses	30,578	39,292
Commission expenses	29,859	19,452
Transportation expenses	22,047	17,549
Depreciation and amortization expenses	8,445	6,505
Advertisement expenses	4,575	5,321
Insurance expenses	3,923	2,510
Travel expenses	3,624	6,226
Rent expenses	757	821
Other	15,201	15,709
<b>Total</b>	<b>160,171</b>	<b>148,246</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### NOTE 26 - OTHER OPERATING INCOME AND EXPENSE

#### a) Other operating income

	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange gain on commercial activities	605,090	283,476
Interest income from credit sales	34,300	40,706
Gain on sale of scraps	23,563	7,786
Other	27,121	19,249
<b>Total</b>	<b>690,074</b>	<b>351,217</b>

#### b) Other operating expenses

	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange loss on commercial activities	549,357	210,587
Provision expenses	71,280	36,535
Interest expense from credit purchases	9,127	12,388
Provision for impairment expenses	6,826	11,740
Other	10,675	10,389
<b>Total</b>	<b>647,265</b>	<b>281,639</b>

(\*) The cost of Çiftehavuzlar land as of 31 December 2020 amounting to TRY82,317 is the amount of Impairment resulting from the redemption of land to the purchase price of TRY37,069. This amount is the amount foreseen within the scope of ongoing legal and administrative processes.

### NOTE 27 - INCOME AND EXPENSE FROM INVESTING ACTIVITIES

#### a) Income from investing activities

	1 January - 31 December 2020	1 January - 31 December 2019
Increase in fair value of investment properties	53,744	587,964
Gain on sales of fixed assets	45,533	9,587
Rental income	4,827	4,424
Income from sale of share from financial investments and associates	4,590	-
Dividend income	167	775
Other	5,631	-
<b>Total</b>	<b>114,492</b>	<b>602,750</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 27 - INCOME AND EXPENSE FROM INVESTING ACTIVITIES (Continued)

#### b) Expense from investing activities

	1 January - 31 December 2020	1 January - 31 December 2019
Decrease in fair value of investment properties	164,852	9,779
Loss on sales of fixed assets	2,085	105
<b>Total</b>	<b>166,937</b>	<b>9,884</b>

### NOTE 28 - EXPENSES BY NATURE

Expenses classified by nature for the period of 31 December 2020 and 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Raw materials and supplies	3,559,199	3,621,209
Personnel expenses	454,662	391,147
Depreciation and amortization (*)	236,267	202,570
Shopping mall costs	53,576	61,297
Maintenance, repair and cleaning expenses	52,597	47,664
Energy expenses	39,761	58,689
Other	335,614	202,176
<b>Total</b>	<b>4,731,676</b>	<b>4,584,752</b>

(\*) As of 31 December 2020, depreciation and amortisation expenses amounting to TRY236,267 consist of depreciation of property plant and equipment amounting to TRY184,302, depreciation of intangible assets amounting to TRY32,680, depreciation of right of use assets amounting to TRY19,845, depreciation of projects which has not completed and classified as construction in progress amounting to TRY539 and depreciation of inventories amounting to TRY20.

	1 January - 31 December 2020	1 January - 31 December 2019
<b>Personnel expenses</b>		
Cost of sales	283,364	254,215
General administrative expenses	114,591	87,157
Marketing expenses	41,162	34,861
Research and development expenses	15,545	14,914
<b>Total</b>	<b>454,662</b>	<b>391,147</b>



# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 29 - FINANCIAL INCOME AND EXPENSES

<b>Financial income:</b>	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
Foreign exchange gain	1,083,659	601,306
Interest income	70,659	91,557
Gain from derivative financial instruments	26,900	14,008
<b>Total</b>	<b>1,181,218</b>	<b>706,871</b>
<b>Financial expenses:</b>	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
Foreign exchange loss	1,671,281	922,951
Interest expense	339,244	294,796
Loss from derivative financial instruments	39,467	25,158
Other	9,923	10,195
<b>Total</b>	<b>2,059,915</b>	<b>1,253,100</b>
<b>Financial expenses, net</b>	<b>878,697</b>	<b>546,229</b>

### NOTE 30 - TAXES ON INCOME

	<b>31 December 2020</b>	<b>31 December 2019</b>
Corporate and income taxes payable	93,440	78,037
Less: prepaid corporate income tax	(78,169)	(75,185)
<b>Current income tax (assets)/liabilities, net</b>	<b>15,271</b>	<b>2,852</b>

The details of taxation on income in the statements of comprehensive income for the years ended 31 December 2020 and 2019 are as below:

	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
Current income tax expense	(93,440)	(78,037)
Deferred tax expense	10,121	(4,737)
<b>Total tax expense, net</b>	<b>(83,319)</b>	<b>(82,774)</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 30 - TAXES ON INCOME (Continued)

#### Deferred tax assets and liabilities

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred tax has been provided at 31 December 2020 and 2019 using the enacted tax rates is as follows:

	Temporary taxable differences		Deferred tax assets /(liabilities)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Property, plant and equipment, intangible assets and right of use assets	269,661	299,604	(61,760)	(60,659)
Investment properties	137,407	94,154	(13,741)	(11,153)
Investment incentives	(54,657)	(66,840)	14,546	17,788
Derivative financial instruments	(108,727)	(3,383)	21,746	744
Employee benefits	(72,301)	(60,350)	15,209	12,196
Trade receivables and provisions for doubtful receivables	(98,553)	(39,456)	19,710	8,680
Financial lease liabilities	(45,619)	(45,781)	9,125	9,468
Other	(65,390)	19,329	6,291	(1,941)
<b>Deferred tax liabilities, net</b>			<b>11,126</b>	<b>(24,877)</b>

Since each subsidiary are separate taxpayers, net deferred income tax assets or liabilities for each of these taxpayers have been calculated however these have not been offset in the consolidated balance sheets. The temporary differences and deferred tax assets and liabilities presented above are based on the gross values and represent the net deferred tax position.

Movements of deferred tax assets/(liabilities) as at 31 December 2020 and 2019 as below:

	2020	2019
<b>1 January</b>	<b>24,877</b>	<b>35,118</b>
Deferred tax expense recognised in profit or loss, net	(10,121)	4,737
Deferred tax income recognised in other comprehensive income	(26,854)	(16,438)
Currency translation differences	844	1,460
Transfers related to assets held for sale	128	-
<b>31 December</b>	<b>(11,126)</b>	<b>24,877</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 30 - TAXES ON INCOME (Continued)

The reconciliation of tax expenses stated on the consolidated statement of comprehensive income for the years ended 31 December 2020 and 2019 is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Profit/(loss) before taxes	666,852	1,190,481
Expected tax expense of the Group (22%)	(146,707)	(261,906)
Effect of tax losses for which no deferred tax assets was recognized (*)	(101,080)	(959)
Previous year losses utilized in the current year for which no deferred tax assets recognised in previous years	3,584	-
Investment incentives	133,999	47,041
Expenses not deductible for tax purposes	(6,432)	(4,837)
Effect of consolidation adjustments	21,134	5,854
Other income/expense exempt from tax	8,613	130,348
Other	3,570	1,685
<b>Current tax expense of the Group</b>	<b>(83,319)</b>	<b>(82,774)</b>

(\*) Tax losses for which no deferred tax assets was recognized arise from the fact that Akiş GYO’s income from real estate investment trust activities are not subject to Corporate Tax.

As of balance sheet date, the Group did not recognize deferred income tax assets on carry forward tax losses’ of certain subsidiaries, for which amounts, and expiration dates are as follows:

Dates of expiry	31 December 2020	31 December 2019
2020	-	5,562
2021	42	4,815
2022	66	4,258
2023	68	20,772
2024	229	4,360
2025	98	-
<b>Total</b>	<b>503</b>	<b>39,767</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 31 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

#### Financial risk factors

The Groups principal financial instruments are cash and cash equivalents, trade receivables, trade payables and financial liabilities. The main purpose of these financial instruments is to raise finance for the Group’s operations. The main risks arising from the Group’s financial instruments are liquidity risk, foreign currency risk, interest rate risk and credit risk. The Group management reviews and agrees policies for managing each of the risks as summarised below.

#### 31.1 Foreign currency risk

Foreign currency risk is identified by the changes in cash flows and revenues due to changes in foreign currency rates. The Group is exposed to foreign currency risk with the foreign currency transactions of sales, purchases and financial liabilities. In these transactions, USD and EUR are the main currencies. In selected subsidiaries, Akkök, implemented written policies for managing these risks. Written policies are determined considering, a) risk appetite b) strategies and plan to reduce risk to an acceptable level c) risk monitoring methods (reporting, etc.). These policies are revised when necessary and reviewed at least once a year.

Net foreign currency positions of selected subsidiaries are periodically analysed by Akkök. In order to manage the foreign currency risk, natural hedging is achieved, as practically possible, through balance sheet management. In addition, the Group enters into derivative contracts to manage shorter - term foreign currency risk, where necessary. For longer term management of the risk, the Group considers market conditions and enters into derivative contracts.

As of 31 December 2020, the foreign currency position of the Group is prepared using the following foreign exchange rates: USD/TRY 7.3405, EUR/TRY 9.0079 (2019: USD/TRY 5.9402, EUR/TRY 6.6506).

Foreign currency position table denominated in Turkish Lira as of 31 December 2020 and 2019 is as follows:

	31 December 2020	31 December 2019
Assets	3,246,965	2,955,024
Liabilities (-)	(5,656,207)	(6,303,173)
<b>Net balance sheet position</b>	<b>(2,409,242)</b>	<b>(3,348,149)</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 31 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

	31 December 2020			Total
	USD	EUR	Other Currencies	
<b>Assets:</b>				
Cash and cash equivalents	950,779	586,337	5,344	1,542,460
Financial investments	571,826	-	-	571,826
Trade receivables	918,905	174,887	33,248	1,127,040
Other assets	4,640	999	-	5,639
<b>Total assets</b>	<b>2,446,150</b>	<b>762,223</b>	<b>38,592</b>	<b>3,246,965</b>
<b>Liabilities:</b>				
Short-term borrowings	990,354	179,219	-	1,169,573
Long-term borrowings	2,914,264	662,246	-	3,576,510
Trade payables	741,549	131,996	1,285	874,830
Other liabilities	11,927	23,365	2	35,294
<b>Total liabilities</b>	<b>4,658,094</b>	<b>996,826</b>	<b>1,287</b>	<b>5,656,207</b>
<b>Net foreign currency position</b>	<b>(2,211,944)</b>	<b>(234,603)</b>	<b>37,305</b>	<b>(2,409,242)</b>
	31 December 2019			Total
	USD	EUR	Other Currencies	
<b>Assets:</b>				
Cash and cash equivalents	497,832	428,932	35,601	962,365
Financial investments	473,322	-	-	473,322
Trade receivables	1,038,407	309,201	157,880	1,505,488
Other assets	13,845	2	2	13,849
<b>Total assets</b>	<b>2,023,406</b>	<b>738,135</b>	<b>193,483</b>	<b>2,955,024</b>
<b>Liabilities:</b>				
Short-term borrowings	2,053,238	610,649	-	2,663,887
Long-term borrowings	1,420,445	669,493	-	2,089,938
Trade payables	1,222,919	245,303	4,481	1,472,703
Other liabilities	4,653	71,992	-	76,645
<b>Total liabilities</b>	<b>4,701,255</b>	<b>1,597,437</b>	<b>4,481</b>	<b>6,303,173</b>
<b>Net foreign currency position</b>	<b>(2,677,849)</b>	<b>(859,302)</b>	<b>189,002</b>	<b>(3,348,149)</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 31 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The table below shows the sensitivity of the net foreign currency position of the Group to the changes in foreign exchange rates as of 31 December 2020 and 2019:

	Foreign currency appreciation	Foreign currency devaluation
<b>31 December 2020</b>		
<b>Change of USD against TRY by 10%</b>		
USD net assets/liabilities	(221,194)	221,194
Hedging amount of USD	55,954	(55,954)
<b>USD net effect - income/expense</b>	<b>(165,240)</b>	<b>165,240</b>
<b>Change of EUR against TRY by 10%</b>		
EUR net assets/liabilities	(23,460)	23,460
Hedging amount of EUR	12,925	(12,925)
<b>Euro net effect - income/expense</b>	<b>(10,535)</b>	<b>10,535</b>
	Foreign currency appreciation	Foreign currency devaluation
<b>31 December 2019</b>		
<b>Change of USD against TRY by 10%</b>		
USD net assets/liabilities	(267,785)	267,785
Hedging amount of USD	84,596	(84,596)
<b>USD net effect - income/expense</b>	<b>(183,189)</b>	<b>183,189</b>
<b>Change of EUR against TRY by 10%</b>		
EUR net assets/liabilities	(85,930)	85,930
Hedging amount of EUR	22,848	(22,848)
<b>Euro net effect - income/expense</b>	<b>(63,082)</b>	<b>63,082</b>

#### 31.2 Interest rate risk

Interest rate risk arises from changes in interest rates of interest-bearing liabilities and assets. As the medium and long-term borrowings are only available with floating rates in the market the Group is exposed to interest rate risk from time to time. Akkök Holding Anonim Şirketi, implemented written policies for managing these risks. Written policies are determined considering, a) risk appetite b) strategies and plans to reduce risk to an acceptable level c) risk monitoring methods (reporting, etc.). These policies are revised when necessary and reviewed at once a year. The Group watches markets closely, analyses sensitivity to interest rate changes and the weighted average maturity of liabilities to identify possible changes in costs. As a result of analysis; if necessary, interest rate swaps are used to fix some portion of the floating rate debt liabilities during the term of the loan.

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. As of 31 December 2020, and 2019, the Group's borrowings at floating rates are mainly denominated in USD and EUR.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

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### NOTE 31 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

#### 31.2 Interest rate risk (Continued)

At 31 December 2020, if interest rates on USD denominated borrowings had been higher/lower by 100 base point with all other variables held constant, profit before income taxes would have been TRY492 (2019: TRY6,316) lower/higher, mainly as a result of high interest expense on floating rate borrowings.

#### 31.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of the counterparties. It is the Group policy that all customers who wish to trade on credit terms are subject to credit screening procedures and the Group also obtains collaterals from customers when appropriate. In addition, receivable balances are monitored on an ongoing basis with the result that the Group’s exposure to bad debts is not significant. Trade receivables are evaluated by the management based on their past experiences and current economic condition, and are presented in financial statements net of provision for doubtful receivables

The Fitch rating scores of the banks in which the company has short term time and demand deposits, are within the range of F3-B.

As at December 31 December 2020, trade receivables amounting to TRY274,915 (2019: TRY337,562) were past due but not impaired. The Group does not foresee any collection risk for receivables overdue up to one month due to industry dynamics and circumstances. The Group applies a portion of trade receivables overdue more than one month by interest charge. Aging of past due but not impaired trade receivables 31 December 2020 and 2019 is as follows:

	31 December 2020	31 December 2019
Up to 3 months overdue	146,496	154,329
More than 3 months overdue	128,419	183,233
<b>Total</b>	<b>274,915</b>	<b>337,562</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 31 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Credit risk of financial instruments at 31 December 2020 and 2019 are as follows:

31 December 2020	Trade and other receivables		Bank deposits	Stock, fund and bond	Derivative financial assets
	Related party	Other			
<b>Maximum credit risk exposure as of the reporting date (A+B+C+D)</b>	<b>92,877</b>	<b>1,780,486</b>	<b>1,682,633</b>	<b>385,722</b>	<b>26,143</b>
Secured portion	-	743,056	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	59,503	1,538,247	1,682,633	385,722	26,143
- Secured portion	-	601,661	-	-	-
B. Net book value of financial assets that are past due but not impaired	33,374	241,541	-	-	-
- Secured portion	-	141,395	-	-	-
C. Net book value of financial assets that are past due and impaired	-	698	-	-	-
- Overdue (gross book value)	-	149,266	-	-	-
- Impairment (-)	-	(148,568)	-	-	-
- Secured portion	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-

31 Aralık 2019	Trade and other receivables		Bank deposits	Stock, fund and bond	Derivative financial assets
	Related party	Other			
<b>Maximum credit risk exposure as of the reporting date (A+B+C+D)</b>	<b>125,094</b>	<b>1,395,263</b>	<b>1,781,350</b>	<b>48,122</b>	<b>26,723</b>
Secured portion	-	391,204	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	125,094	1,057,003	1,781,350	48,122	26,723
- Secured portion	-	378,123	-	-	-
B. Net book value of financial assets that are past due but not impaired	-	337,562	-	-	-
- Secured portion	-	12,383	-	-	-
C. Net book value of financial assets that are past due and impaired	-	698	-	-	-
- Overdue (gross book value)	-	99,111	-	-	-
- Impairment (-)	-	(98,413)	-	-	-
- Secured portion	-	698	-	-	-
- Not overdue (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-



# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 31 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

#### 31.4 Liquidity risk

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed. The liquidity is minimised by balancing the cash inflows and outflows and also securing funds from reliable financial institutions. The breakdown of financial assets and liabilities according to their maturities is disclosed considering the due date periods. Financial assets and liabilities that have no certain due dates are classified in over one-year column.

31 December 2020	Carrying value	Contractual cash flows (=I+II+III+ IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
<b>Contractual maturities</b>						
<b>Non-derivate financial liabilities</b>						
Borrowings	6,214,486	6,680,668	1,167,471	1,286,067	3,593,832	633,299
Trade payables	1,122,662	1,125,979	928,903	192,337	4,739	-
Due to related parties	82,283	82,204	79,954	2,250	-	-
<b>Total</b>	<b>7,419,431</b>	<b>7,888,851</b>	<b>2,176,328</b>	<b>1,480,654</b>	<b>3,598,571</b>	<b>633,299</b>

31 December 2019	Carrying value	Contractual cash flows (=I+II+III+ IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
<b>Contractual maturities</b>						
<b>Non-derivate financial liabilities</b>						
Borrowings	5,293,222	5,873,528	1,334,543	1,792,049	2,441,853	305,083
Trade payables	1,244,150	1,244,150	943,176	297,849	3,125	-
Due to related parties	62,845	62,845	60,593	2,252	-	-
<b>Total</b>	<b>6,600,217</b>	<b>7,180,523</b>	<b>2,338,312</b>	<b>2,092,150</b>	<b>2,444,978</b>	<b>305,083</b>

#### 31.5 Capital risk management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group controls its capital using the net debt/total capital ratio. This ratio is calculated by dividing net debt by the total capital amount. Net debt is calculated as total liability amount (comprises of borrowings, trade payables and payables to related parties as presented in the balance sheet) less cash and cash equivalents Total capital is calculated as equity plus the net debt amount as presented in the balance sheet.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 31 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

#### 31.5 Capital risk management

The ratio of net debt/equity at 31 December 2020 and 2019 is as follows:

	31 December 2020	31 December 2019
Total liabilities	7,419,431	6,600,217
Less: cash and cash equivalents (Note 5)	(1,684,093)	(1,356,525)
Less: short term financial investments	(581,592)	(474,935)
<b>Net debt</b>	<b>5,153,746</b>	<b>4,768,757</b>
Total shareholders' equity	7,050,722	6,695,689
<b>Total equity</b>	<b>12,204,468</b>	<b>11,464,446</b>
<b>Gearing ratio (%)</b>	<b>42</b>	<b>42</b>

#### 31.6 Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

The following methods and assumptions are used to estimate the fair value of the financial instruments:

##### *Monetary assets*

Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. These balances are anticipated to approximate their book value.

The carrying values of significant portion of cash and cash equivalents are assumed to approximate to their fair value due to their short-term nature.

The carrying values of trade receivables are assumed to approximate to their fair value with their provisions for doubtful receivables.

##### *Monetary liabilities*

Bank loans and other liabilities are anticipated to approximate their book value due to their short-term nature.

The long-term loans are assumed to approximate to their carrying value due to their variable interest rates. The determined fair value of long-term loans to explained on notes, is the discounted amount of cash flows according to agreements with current market interest rate (Note 21).

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 31 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

#### 31.6 Fair value of financial instruments (Continued)

##### *Fair Value Estimation:*

Effective from 1 January 2011 the group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following hierarchy:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: Inputs for the asset or liability that is not based on observable market data.

<b>31 December 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial investments measured at fair value through other comprehensive income	9,466	-	226
Derivative financial assets	-	26,143	-
<b>Total assets</b>	<b>9,466</b>	<b>26,143</b>	<b>226</b>
<b>31 December 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial investments measured at fair value through other comprehensive income	11,997	-	226
Derivative financial assets	-	26,723	-
<b>Total assets</b>	<b>11,997</b>	<b>26,723</b>	<b>226</b>

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

### NOTE 32 - EVENTS AFTER THE BALANCE SHEET DATE

#### *Company acquisition*

The Group purchased 100% of the shares of USK Kimya Anonim Şirketi (“USK Kimya”) on 1 March 2021 for USD63,000,000. With this acquisition, the Group aimed to strengthen its position in the market by adding carboxymethyl cellulose (“CMC”), which is used in drilling, detergent, food, textile, cleaning and other sectors, to its product portfolio. The transfer process was completed on 1 March 2021.

#### *Corporate income tax rate change*

With the Law no 7316 amending the Law on Collection Procedure of Public Receivables, published on 22 April 2021, the corporate income tax rate has been increased to 25% for the 2021 fiscal year, and to 23% for the 2022 fiscal year.